

30-hour week bill and favoring an amended bill for 36 hours a week; to the Committee on Labor.

470. Also, petition of the Jacobs Bros. Co., Inc., manufacturers of scales and store equipment, Brooklyn, N.Y., opposing the Black 6-hour day 5-day week bill; to the Committee on Labor.

471. Also, petition of International Photo-Engravers' Union of North America, New York City, approving the Black-Connelly bill, but amended so as to include newspapers and periodicals and products of foreign manufacture in their provisions; to the Committee on Labor.

472. Also, petition of Atlantic Terra Cotta Co., New York City, favoring President Roosevelt's public-works program; to the Committee on Labor.

473. Also, petition of Towns & James, Inc., wholesale druggists, Brooklyn, N.Y., opposing House bill 4557; to the Committee on Labor.

474. Also, petition of National Association of American Worker's Association, North Tonawanda, N.Y., favoring the passage of the Black bill; to the Committee on Labor.

475. Also, petition of William F. Hagens, of Brooklyn, N.Y., favoring the 6-hour day 5-day week bill, if amended to include workers in the newspaper and periodical trades; to the Committee on Labor.

476. By Mr. MOTT: Petition of the Legislature of the State of Oregon, urging Congress to make immediate and adequate provision for the improvement of the Columbia-Snake River waterways for navigation; to the Committee on Rivers and Harbors.

477. By Mr. O'CONNOR: Resolution of the Legislature of the State of New York, memorializing Congress to forbid, by appropriate laws, the sale in this country of the universal American flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad; to the Committee on Labor.

478. Also, resolution of the Legislature of the State of New York, memorializing the Congress to enact legislation directing the Postmaster General to issue special series of stamps in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciuszko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

479. By Mr. PARKS: Petition protesting against the Black bill; to the Committee on Labor.

480. By Mr. REID of Illinois: Petition of Board of Supervisors of Du Page County, Ill., certified by county clerk, endorsing and urging the passage of the 6-hour 5-day week bill; to the Committee on Labor.

481. By Mr. RUDD: Petition of International Photo-Engravers' Union of North America, New York City, favoring the Black-Connelly bills, S. 158 and H.R. 4557, but amended so as to include newspapers and periodicals and the products of foreign manufacture in their provisions; to the Committee on Labor.

482. Also, petition of Atlantic Terra Cotta Co., New York City, favoring the President's public-works program; to the Committee on Labor.

483. Also, petition of Great Lakes Dredge & Dock Co., New York City, favoring the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

484. By Mr. WATSON: Resolutions adopted by the American Legion, Department of Pennsylvania, requesting the Federal Government to insert in all contracts for Government work certain requirements; to the Committee on Public Buildings and Grounds.

485. By Mr. WELCH: Senate Joint Resolution No. 11 of California State Legislature, proposing issuance of postage stamps in honor of the California citrus industry; to the Committee on the Post Office and Post Roads.

486. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to promptly enact the administration farm relief bill; to the Committee on Agriculture.

487. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to provide machinery for the loaning of money to needy financial institutions; to the Committee on Banking and Currency.

488. Also, memorial of the Legislature of the State of Wisconsin, relating to reforestation in Wisconsin and other Lake States, as a part of the President's emergency program for providing employment; to the Committee on Labor.

489. By the SPEAKER: Petition of Eduarda K. Baltuff (Harris), favoring a congressional investigation of the Zev conspiracy; to the Committee on the Judiciary.

SENATE

WEDNESDAY, APRIL 12, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Cutting	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Loneragan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Stelwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	Overton	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

Mr. THOMAS of Utah. My colleague the senior Senator from Utah [Mr. KING] is not with us this morning because of a great sadness which has come into his life. I wish this announcement to stand for the day.

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is necessarily absent on account of illness.

Mr. FESS. I wish to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

REPORT OF THE NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the executive secretary of the Near East Relief, submitting, pursuant to law, the report of the Near East Relief for the year ended December 31, 1932, which, with the accompanying report, was referred to the Committee on Printing.

FUNCTIONS OF THE OFFICE OF PUBLIC BUILDINGS AND PARKS AND ALLIED COMMISSIONS (S.DOC. NO. 22)

The VICE PRESIDENT laid before the Senate a letter from the Director of Public Buildings and Public Parks of the National Capital, reporting, pursuant to Senate Resolution 351, Seventy-second Congress, relative to the various functions, personnel, etc., of the Office of Public Buildings and Public Parks of the National Capital, the Public Buildings Commission, the Arlington Memorial Bridge Commission, and the National Capital Park and Planning Commission, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

Mr. KEAN presented a resolution adopted by the Most Worshipful Oriental Grand Lodge of Ancient Free and

Accepted Masons in the State of New Jersey, favoring the passage of legislation making provision for the moral as well as the physical care of massed workers engaged in the governmental reforestation program, which was referred to the Committee on Education and Labor.

Mr. TYDINGS presented the petition of the Congress of Parents and Teachers, the Home and School Association, and the Education Association, all of the District of Columbia, praying for the restoration in the District of Columbia appropriation bill of items affecting services rendered by the public schools, libraries, and playgrounds so as to maintain educational and recreational facilities in the District of Columbia, which was referred to the Committee on Appropriations.

He also presented the petition of members of the Middletown Lions Club, of Middletown, Md., praying for the prompt passage of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table.

TARIFF ON IMPORTED FISH

Mr. WALSH. Mr. President, I present and ask that there be printed in the CONGRESSIONAL RECORD the body of a petition I have just received from fishermen of Dukes County, Mass., urging the enactment of a suitable and adequate tariff on imported fish.

There being no objection, the petition was referred to the Committee on Finance, and the body thereof was ordered to be printed in the RECORD without the attached signatures, as follows:

To the Honorable Senator DAVID I. WALSH:

The undersigned commercial fishermen of Dukes County respectfully petition for relief of the industry by the enactment of a suitable and adequate tariff on imported fish.

Imports of Canadian lobster and swordfish affect this locality in particular, the prevailing low prices paid for these commodities serving to reduce the income of domestic fishermen to a ruinous degree. For at least 2 years the Massachusetts fisheries, including those of Dukes County, have been losing ground in the fight against this manifestly unfair competition. Bankrupt fishermen, idle vessels, and failing local markets are the result. Another year like the last means even greater and more permanent ruin to this important industry.

Therefore, we request that as our Senator you act vigorously in the defense of the interests of your State and ours. That all proposed legislation relative to raising the tariff on imported fish receive your support. And that a sufficiently high tariff be insisted upon to equalize the prices of domestic and imported fish and seafoods.

It is our contention that the opening of Canadian ports to United States fishing vessels will not in any degree compensate New England fishermen for the losses involved in the marketing of their fish under present conditions, and we beg that you will not allow any consideration of this gesture by Canada to influence your attitude on the tariff question.

We are vessel and boat owners. Our communities depend upon the earnings of these crafts. We have elected you to office, confident that our interests would be entrusted to reliable hands. Do not betray that confidence.

PETITION OF WOMAN'S NATIONAL COMMITTEE FOR LAW ENFORCEMENT

Mr. ROBINSON of Indiana. Mr. President, I present a petition for redress of grievances presented by the Woman's National Committee for Law Enforcement, through Mrs. Henry W. Peabody, chairman, which I ask may be printed in the RECORD and appropriately referred.

There being no objection, the petition was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

PETITION TO GOVERNMENT FOR REDRESS OF GRIEVANCES

The first amendment to the Constitution provides for religious freedom, free speech, a free press, and "the right of the people peaceably to assemble and petition the Government for redress of grievance."

Article VI of the Constitution declares "this Constitution and the laws of the United States which shall be made in pursuance thereof . . . shall be the supreme law of the land and the judges in every State shall be bound thereby, anything in the Constitution or laws of the State to the contrary notwithstanding."

1. The eighteenth amendment to the Constitution prohibits "the manufacture, sale, and transportation of intoxicating liquor for beverage purposes. The action of the Seventy-third Congress in passing a beer bill authorizing manufacture, sale, and transportation of intoxicating liquor is, therefore, illegal under the eighteenth amendment to the Constitution.

2. No State has power to act against the supreme law according to article VI of the Constitution which declares "judges in every State shall be bound thereby." Any State allowing this beer bill to become law is in defiance of the Constitution of the United States.

3. Every Member of Congress and official of this Government is solemnly sworn to support and defend the Constitution "without mental reservation or purpose of evasion", which pledge was broken by those who voted for the unconstitutional bill.

4. Intoxicating liquor is defined as a "habit-making narcotic drug." One half of 1 percent was the standard adopted by Congress in 1920, since it was the standard of brewers in the contest over soft drinks. The British legal standard for alcoholic content is 1 percent (2 percent proof spirits). Any beverage containing more than 1 percent alcohol is declared intoxicating.

Two and seventy-five one-hundredths percent beer, on which tests have been made by the highest scientific authorities in America, is declared intoxicating by Dr. Haven Emerson, college physician and surgeon, Columbia University, New York; Prof. Walter Miles, of Yale University (test made with students of 18 years of age); Prof. E. D. McCollum, of Johns Hopkins; Dr. Benedict, of Carnegie Institute; Dr. Howard A. Kelly, Johns Hopkins; and others. Three and two-tenths percent beer, 4 percent by volume, is intoxicating, as it was the content of alcohol in beer sold and taxed before prohibition under license as intoxicating liquor.

5. "Who are the people?" Two thirds of the people of the United States are women and children who suffer most from this evil, and are disregarded and unrepresented by Congress. Alcohol leads to vice, crime, and disease. Beer takes from childhood food, clothing, fuel, and necessities of life. This Government has no right to barter the welfare of the people for revenue. (Decision Supreme Court on Louisiana lottery.)

6. The bill offers no protection against saloons, which both party platforms pledged should not return; no provision against advertising an illegal product by press and radio; no law against locating saloons in close proximity to schools, churches, or homes or advertising in school cafeterias; no limit to the hours or days on which this liquor may be sold—Sundays are included.

7. The lack of coordination shown by scientific tests indicates grave danger on the highway through driving by men and women who have used 3.2-percent beer. Driving under the influence of liquor leads to murder and death. Have we no right to protection? Is not this Government liable for these murders?

If railroads, steamships, the Navy, and transportation agencies prohibit this beer as intoxicating in the interest of safety, we demand that this Government also provide such safeguards for communities and highways.

IN VIEW OF THESE GRIEVANCES

We call upon the people of the United States to demand that Congress revoke this illegal bill passed in collusion with brewers, organized agents, and capitalists opposed to the eighteenth amendment without regard to the safety and welfare of women and children in whose interest we, the Woman's National Committee for Law Enforcement, are entitled to speak. To secure protection of our rights and safety under the Constitution we present this petition to the President of the United States and both Houses of Congress, as we are authorized to do by the Constitution, and beg their attention and immediate action.

In memory of Washington and Jefferson, who wrote the Constitution, and Lincoln, who preserved it, we come to this memorial on this anniversary of the passing of the great President at the hands of an assassin who fortified himself with liquor at the old Tenth Street saloon before committing the crime. On this 14th day of April 1933 we pledge again our allegiance to the Constitution and the Union. It is the day of betrayal of our Lord through a referendum and the martyrdom of the man who saved the Union. Here in the presence of Almighty God we challenge the right of this Government to sanction the betrayal of the Nation by the return of the manufacture, sale, and transportation of "intoxicating liquor" forbidden by the Constitution.

WOMAN'S NATIONAL COMMITTEE FOR LAW ENFORCEMENT
(Representing 10 great national organizations of women affected by this illegal bill).

FRIDAY, APRIL 14, 1933.

THE WORLD COURT

Mr. BARBOUR. Mr. President, I ask unanimous consent for the printing in the RECORD of a resolution I have received from the Kiwanis Club of Irvington, N.J., urging the ratification of the World Court protocols, and that it may be appropriately referred.

There being no objection, the resolution was ordered referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

Resolution of the Irvington Kiwanis Club

Whereas since the First and Second Hague Conferences of 1899 and 1907 the United States has taken a leading part among the nations of the world in advocating the settlement of international disputes by judicial procedure; and

Whereas there came into existence in 1922 a World Court, established along the very lines advocated by American delegates in the two Hague Conferences; and

Whereas this Court has, in the 11 years of its existence, proved its practical value as an institution for peacefully settling inter-

national disputes by its successful settlement of 44 such disputes, many of which, had they been left unsettled, might have proved the cause of war; and

Whereas the United States Senate, by a vote of 76 to 17, in January 1928, declared that the United States should join the World Court if five conditions were met; and

Whereas in the view of the Department of State, the American Bar Association, and many other competent authorities these conditions are entirely met in the three World Court treaties now awaiting the Senate's action; and

Whereas these treaties have already been signed by the United States; and

Whereas in a world still suffering sharply from the tragic economic dislocations due primarily to the late war the clear endorsement by one of the greatest powers of the world of judicial settlement as one practicable substitute for war cannot fail to have a stabilizing effect; and

Whereas it seems to us a contradiction of sound legislative policy to allow a matter of such vital importance to remain unsettled for six years: Now, therefore, be it

Resolved by the Irvington Kiwanis Club, That we do hereby declare our belief that the United States should speedily complete its adherence to the World Court by the Senate's ratification, at the earliest practicable moment in the special session, of the three World Court treaties now on the Senate's Executive Calendar; and be it further

Resolved, That a copy of this resolution be sent both the New Jersey Senators, with a request to Senator BARBOUR that he have it printed in the CONGRESSIONAL RECORD.

CHECKING OF EROSION ON NEW JERSEY SHORES

Mr. BARBOUR. Mr. President, also I ask unanimous consent for printing in the RECORD of a resolution I have received from the Board of Chosen Freeholders of Cape May County, N.J., urging that a portion of the unemployment relief funds be spent in checking erosion of the shore line of New Jersey, and ask that it may be appropriately referred.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

BOARD OF CHOSEN FREEHOLDERS, Cape May County, N.J.

Resolution (by Mr. Miller)

Whereas it is understood that the United States Government is about to spend considerable amounts of money for reforestation and reclamation plans, particularly for the relieving of the unemployment situation; and

Whereas a continual and serious erosion of the shore line of New Jersey has created a condition that threatens the very existence of the seashore resorts, if this erosion is not checked; and

Whereas the conditions have become so serious and the cost of measures needed to check this erosion and protect this shore line is so great that in the present financial conditions the various municipalities are unable to furnish sufficient funds for the prosecution of such work: Therefore be it

Resolved, That the attention of President Roosevelt be called to this condition, and that he be, and hereby is, petitioned to give careful consideration to this condition, and direct the expenditure of a portion of the unemployment relief funds to the purposes above mentioned, and that copies of this resolution be sent to our Congressman and two United States Senators.

STATE OF NEW JERSEY,
County of Cape May, ss:

I, A. J. Caffero, clerk of the Board of Chosen Freeholders of County of Cape May, State of New Jersey, do hereby certify that the foregoing is a correct and true copy of a resolution adopted by the board at a meeting duly held on the 5th day of April 1933.

A. J. CAFFERO,
Clerk of the Board.

INSURANCE CORPORATIONS AND THE LITTLE FELLOW

Mr. WALCOTT presented a newspaper editorial, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

INSURANCE CORPORATIONS AND THE LITTLE FELLOW

In commenting on the plan for the refinancing of farm mortgages, Henry Morgenthau, Jr., Governor of the new Farm Credit Administration, said: "The little fellow—the farmer, the village banker, the forgotten man—will be taken care of first, the corporations afterwards." The corporations are the insurance companies, which hold about one third of the farm-mortgage indebtedness.

It is not necessary to quarrel with Mr. Morgenthau over this statement, but it does contain the taint of a superficial sort of public morality which gets a good deal of promotion these days. The insurance companies are heavily charged with the interests of the little fellow and, if we are still to remember him, of the forgotten man. There is probably no more vital interest in the country than the equities represented in these corporations. They contain the provision which men of small or moderate means have made against the future and for the security of their families. They contain the savings of a great mass of the indispensable part

of the citizenship which seeks competence and guaranties in life by its own thrift and hard work.

A destruction of these equities and obligations and rights would be one of the hardest blows which hard times could hit the Nation. When the policyholders in a mass are referred to as a corporation, the intent seems to be, whether it is or not, to put them in a special category as to moral import. No such distinction can possibly be recognized.

It could even be said that these equities are of paramount importance over everything else when it comes to a question of obligation resting upon a custodial government. Both the farmer and the little man who went into debt and the village banker who extended the credit had something to do with the situation in which they find themselves. Their situation may be worthy of such aid as the Government can offer them, but that does not detract from the right of the policyholder to have his investment safeguarded in every way possible. Social philosophy is entirely too much disposed to dismiss the corporation as a thing without wide-spread human elements.

TENNESSEE VALLEY DEVELOPMENT—MUSCLE SHOALS PROJECT

Mr. NORRIS. From the Committee on Agriculture and Forestry I ask unanimous consent to report back favorably with amendments the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals, in the State of Alabama; and for other purposes, and to submit a unanimous report (No. 23) thereon.

The VICE PRESIDENT. Without objection, the report will be received and placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TYDINGS:

A bill (S. 1291) for the relief of the E. J. Codd Co. of Baltimore City, Inc.; to the Committee on Claims.

A bill (S. 1292) to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties; to the Committee on the Judiciary.

A bill (S. 1293) authorizing the President to order Maj. E. P. Duval before a retiring board for a hearing of his case, and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his resignation; to the Committee on Military Affairs.

A bill (S. 1294) to provide for separate patents in case of any invention constructed in types or forms suitable for different uses; to the Committee on Patents.

A bill (S. 1295) granting a pension to Howard E. Tolson; to the Committee on Pensions.

By Mr. SMITH:

A bill (S. 1296) for the relief of A. Zappone, disbursing clerk, United States Department of Agriculture; to the Committee on Agriculture and Forestry.

By Mr. DILL:

A bill (S. 1297) authorizing the Secretary of the Navy to make available to the municipality of Aberdeen, Wash., the U.S.S. *Newport*; to the Committee on Naval Affairs.

By Mr. NORBECK:

A bill (S. 1298) for the relief of the Sioux Valley Hospital, Sioux Falls Clinic, and the McKenna Hospital, all of Sioux Falls, S.Dak.; and

A bill (S. 1299) for the relief of Mrs. Glenn J. Collier; to the Committee on Claims.

A bill (S. 1300) to provide for the payment of Sioux benefits to certain women of the Sioux Tribe of Indians; to the Committee on Indian Affairs.

A bill (S. 1301) to prohibit the transportation in the mails, or in interstate commerce, of machine guns or submachine guns; to the Committee on the Judiciary.

A bill (S. 1302) for the relief of Frank Fisher (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 1303) to provide for the acquisition of Chappawamsic Island, Va., for the use of the Navy Department; to the Committee on Naval Affairs.

A bill (S. 1304) granting a pension to Ben. C. Ash (with accompanying papers);

A bill (S. 1305) granting a pension to Charles H. Carpenter (with accompanying papers);

A bill (S. 1306) granting a pension to David Dorian (with accompanying papers);

A bill (S. 1307) granting a pension to Mary J. Driscoll (with accompanying papers);

A bill (S. 1308) granting a pension to Charlie Kills-in-Sight or Kills In;

A bill (S. 1309) granting a pension to Walter L. Vercoe (with accompanying papers);

A bill (S. 1310) granting a pension to Augustine Whitebird (with accompanying papers);

A bill (S. 1311) granting an increase of pension to Mitchell Desersa (with accompanying papers);

A bill (S. 1312) granting an increase of pension to John A. Everett (with accompanying papers); and

A bill (S. 1313) granting an increase of pension to Hugh M. Jones (with accompanying papers); to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 1314) for the relief of Perry Randolph; to the Committee on Military Affairs.

A bill (S. 1315) granting an increase of pension to Mary C. Caplinger; to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 1316) to provide for the collection and publication of statistics of peanuts by the Department of Agriculture; to the Committee on Agriculture and Forestry.

CHANGE OF REFERENCE

On motion of Mr. BARBOUR, the Committee on the District of Columbia was discharged from the further consideration of the bill (S. 1066) relating to contracts for the erection or alteration of public buildings, and it was referred to the Committee on Public Buildings and Grounds.

BENEFITS TO THE WHALING INDUSTRY—AMENDMENT

Mr. McNARY submitted an amendment intended to be proposed by him to the joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, which was ordered to lie on the table and to be printed.

RELIEF OF AGRICULTURE—AMENDMENTS

Mr. BARBOUR, Mr. FRAZIER, Mr. MCGILL, and Mr. THOMAS of Oklahoma each submitted an amendment, Mr. ROBINSON of Arkansas submitted 2 amendments, and Mr. CLARK submitted 5 amendments, intended to be proposed by them, respectively, to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which were severally ordered to lie on the table and to be printed.

Mr. SHIPSTEAD submitted four amendments intended to be proposed by him to the amendment intended to be proposed by Mr. WAGNER to title II, Agricultural Credits, of House bill 3835, the agricultural relief bill, which were ordered to lie on the table and to be printed.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting several nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

RELIEF OF AGRICULTURE—NOTICE OF RECONSIDERATION OF AN AMENDMENT

Mr. COPELAND. Mr. President, yesterday the Senate, without any consideration, agreed to the amendment on page 22 of the so-called "agricultural relief bill". I was not on the floor at the time. I have had a sheaf of telegrams relating to it, and I desire to have it recorded that I shall move, at a later time, to reconsider the vote whereby the amendment, on page 22, from lines 14 to 19, inclusive, was agreed to.

The VICE PRESIDENT. The notice of the Senator from New York will be entered.

FEDERAL ACCOUNTING, PURCHASING, AND DISBURSING SYSTEMS

Mr. WHEELER. Mr. President, I desire to make a unanimous-consent request with reference to two resolutions which I submitted, and which were adopted during the last session of the Congress. I think the request will lead to no debate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Montana is recognized.

Mr. WHEELER. Mr. President, late in the closing session of the last Congress, on February 8, 1933, there was adopted by the Senate, at my suggestion and with a view to securing facts necessary to an intelligent and safe reorganization of certain activities, Senate Resolution No. 350, requesting the Comptroller General to report to the Senate on or before April 15, 1933, the savings that might be secured through reorganization, centralization, consolidation, and/or elimination of accounting records, accounting and audit procedures, disbursing and collecting offices, and purchasing and warehousing activities of the Governments of the United States and the District of Columbia.

On the same day the Senate adopted, at my suggestion, Senate Resolution No. 351, calling upon the heads of all departments, independent establishments, and Government-owned and/or controlled corporations to submit to the President and to the Senate on or before April 15, 1933, a detailed report of all functions, including accounting, disbursing, collecting, purchasing, and personnel performed by said department, establishment, and corporations, together with the authority for the performance of each function and the annual cost thereof.

It now appearing that much of the information to be furnished by the heads of departments, establishments, and corporations pursuant to Senate Resolution No. 351 should be taken into consideration by the Comptroller General in reporting to the Senate pursuant to its Resolution No. 350 in order that this may be made possible, I ask the consent of the Senate that the date for reporting under Senate Resolution No. 350 be extended to May 6, 1933.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I did not understand the nature of the request.

Mr. WHEELER. I have asked unanimous consent that the time for the Comptroller to report to the Senate may be extended from April 15 to May 6.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. WHEELER. I likewise ask that the time in which the various departments may report under Senate Resolution 351 shall be extended to May 1 in order to give them time to get their reports ready.

The VICE PRESIDENT. Is there objection? The Chair hears none.

ORDER OF BUSINESS

Mr. LEWIS. Mr. President, considering the disposition of business yesterday, I inquire what is the order of business this morning?

The VICE PRESIDENT. The question is on the amendment on page 25, commencing in line 7.

Mr. LEWIS. The amendment is to the pending bill?

The VICE PRESIDENT. It is to the pending bill.

Mr. LEWIS. Has the motion to reconsider the action in passing the bill known as the "30 hour bill", the bill of the honorable Senator from Alabama [Mr. BLACK], been noted for this morning?

The VICE PRESIDENT. No. The Senate took a recess last night, and therefore the pending business before the Senate is the agricultural relief bill.

Mr. LEWIS. And the pending amendment is to that bill?

The VICE PRESIDENT. That is correct.

Mr. LEWIS. I thank the Chair.

6-HOUR DAY AND 5-DAY WEEK—MOTION TO RECONSIDER

Mr. ROBINSON of Indiana obtained the floor.

Mr. BLACK. Mr. President, will the Senator from Indiana yield to me in order that I may ask for a unanimous-consent agreement?

Mr. ROBINSON of Indiana. I yield to the Senator if his request will lead to no discussion. I may say that I myself do not expect to consume more than from 15 to 20 minutes' time.

Mr. BLACK. I desire to ask unanimous consent that the pending business may be temporarily laid aside in order that the Senate may consider the motion to reconsider the vote whereby the so-called "30 hour bill" was passed. I have sought diligently to ascertain how many Senators wanted to speak on the motion. I have not been able to ascertain that many want to speak on it. There is certainly no reason why it should be held up. We had plenty of time to discuss the measure when it was before the Senate. The Senator from Florida [Mr. TRAMMELL], who made the motion to reconsider, is perfectly willing to proceed with it and desires to talk about 20 minutes. I desire to ask unanimous consent that the pending bill may be temporarily laid aside in order that the motion to reconsider may be taken up.

The VICE PRESIDENT. The Senator from Alabama asks unanimous consent that the pending business may be laid aside for the purpose of considering the motion of the Senator from Florida to reconsider the vote whereby the so-called "30-hour bill" was passed.

Mr. McNARY. Mr. President, yesterday, when this proposal was made, I objected to it because a time was set for its consideration in the way of an expression by vote. Today the proposal conforms to the usual parliamentary practice of temporarily setting aside the unfinished business in order to proceed to the consideration of the motion, under which proceeding any Member of the Senate may call for the regular order at any time. The Senator from West Virginia [Mr. HATFIELD] first offered the amendment which the Senator from Florida [Mr. TRAMMELL] now desires to reoffer. The Senator from West Virginia is intensely interested in this proposition, and, in his absence, I shall have to object.

Mr. BLACK. If the Senator will yield for a statement, I desire to state to the Senator that on yesterday when the Senator from West Virginia objected, I went over to his desk and asked him if he desired to make a speech or if his objection was personal to himself or was made for some other Senator. I stated then on the floor that I had been informed by the Senator from West Virginia that he was objecting for the Senator from Maine, and that he personally would not make the objection. Therefore I asked for a quorum.

Mr. McNARY. Mr. President, the Senator from West Virginia spoke to me during the day and stated that, in his opinion, several Senators representing border States wanted to be heard on this matter. The Senator from West Virginia is absent from the Chamber; I have sent for him; but, during his absence, I shall have to ask the Senator to withhold his request.

The VICE PRESIDENT. Objection is heard.

THE QUESTION OF RUSSIAN RECOGNITION

Mr. ROBINSON of Indiana. Mr. President, conditions prevail in the United States today which are unparalleled in the history of the Republic. Misery, want, suffering, and even starvation stalk throughout the length and breadth of the land. With the possible exception of China and India, I doubt whether economic conditions are worse at this moment in any other country on the face of the globe.

The American people are confronted with problems crying for solution which are positively staggering in their scope.

To the domestic issues that confront us, accordingly, the Government is giving its most earnest consideration.

In the midst of this momentous situation, the demand for immediate recognition of the Russian Government intrudes, and advocates of such a policy are insistent on their demands that it be given immediate attention, notwithstanding the fact that any cursory analysis of the situation is bound to reveal the fact that the Russian question is utterly remote and extraneous to solution of the problems which confront us.

Everybody knows that in normal times not more than 7 percent of our production is sold abroad, and a comparatively

small part even of this 7 percent is sold to Russia. How any unprejudiced mind, therefore, could conceive that recognition of the Soviet Republics would in the slightest degree remedy our economic situation here is difficult, if not impossible, to understand. But propaganda is afloat on all sides, perhaps never more insistent than now, urging that we should go into immediate partnership with the Soviets at a moment when the most momentous problems that ever have confronted the American people cry out for the best thought and the promptest action the Government can provide.

Because of the renewed efforts to revive the Russian question at this perilous moment in our history, I deem it, therefore, advisable in the midst of consideration of the pending measure to take the time of the Senate to discuss this question.

The entire policy of the present Russian Government is subversive to the rest of the world. The Soviets have no regard for solemn treaties, frankly avowing that they will sign any pact that will further their interests with the unconcealed intention to violate it as soon as self-interest has been served.

Menjinsky, head of the OGPU, or secret police of Russia, and a power in the councils of the Soviet Government, and the Third International, which are precisely the same, made this deliberate statement:

As long as there are idiots to take our signature seriously, and to put their trust in it, we must promise everything that is being asked, and as much as one likes, if we can only get something tangible in exchange.

On February 2, 1919, on the Princes Island proposal, Zinoviev, a power in Soviet councils, also said:

We are willing to sign an unfavorable peace with the Allies. It would only mean that we should put no trust whatever in the piece of paper we should sign. We should use the breathing space so obtained to gather our strength in order that the mere continued existence of our Government would keep up the world-wide propaganda which Soviet Russia has been carrying on for more than a year.

Trotsky, now in exile, but in 1918 one of the Moscow masters—and the present rulers of Russia continue to follow the same policy—made the statement that—

If in waiting the imminent proletarian flood in Europe, Russia should be compelled to conclude peace with the present-day governments of the central powers, it would be provisional, temporary, and transitory peace, with the revision of which the European revolution will have to concern itself in the first instance. Our whole policy is built upon the expectation of this revolution.

The child is father to the man and the Moscow Government is the father to the Third International. No one disputes that fact. It is admitted by the Moscow masters themselves, and the entire purpose of the Third Internationale is to destroy in any manner possible all other governments of the earth.

Great Britain recognized the Soviet Government and shortly afterward discovered in London the same sort of Soviet plottings that China unearthed in Harbin. Consequently, it became necessary to break off diplomatic relations.

Subsequently, another effort was made to get along with them and because of the high-handed disregard for international law which the Communistic Government displayed recently with reference to British subjects, the Ambassador of Great Britain to that country was recalled, and within the past 10 days the House of Commons, by a vote of 347 to 48, determined to impose an embargo on all Russian trade in reprisal for the arrest of British engineers in Russia. In other words, Great Britain found that trade with Russia was a positive handicap rather than an advantage.

France was forced to demand the recall of the Soviet Ambassador from Paris. Mexico and practically every other nation has had similar unhappy experiences with that benighted land.

It is a matter of common knowledge that Germany and Japan, as well as the United States, have been forced to deport communist conspirators acting in the name of organized tyranny that holds 150,000,000 Russians in virtual slavery today.

It is estimated that the total number of members of the Communist Party in that land is not to exceed 500,000, and in the most tyrannical fashion they wield the lash over the other 150,000,000.

In the face of these facts, it is passing strange that anyone in America should urge official recognition of that system.

At the present time, representatives of the Moscow masters are busily engaged all over this country in creating dissension and dissatisfaction among our people. They are violently opposed to our philosophy, and day and night are working industriously to overthrow our Government.

That is the situation under present conditions. What would it be if they were officially recognized? What would recognition mean?

Well, in the first place they would have an elaborate embassy located in Washington, fully staffed, entitled to many immunities, and this machinery would unquestionably be used as the central point for carrying on their admitted efforts to destroy the American Republic.

In the Soviet Embassy here, the seditious concoction would be brewed and from this embassy would emanate to all points of the United States the vicious propaganda calculated to poison American public opinion against our own institutions.

Dangerous as their activities are to our peace and welfare under present conditions, they would be infinitely worse if conducted under the official cloak of American recognition. That has been the experience of other lands. In other words, we would be simply placing a gun in their hands with which to shoot us.

I refuse to go into official partnership with any such concern, and I am not a little surprised that it would be seriously proposed. The fact is indisputable, that the Soviets have undertaken to abolish both religion and the family. Here again we may safely rely on the language of their own leaders.

So far as Russia is concerned, Lenin is the founder of the system, and since his death has been deified by the Communists and is worshiped practically as a god.

In 1923, speaking before the Department of Education in Russia, Lenin said:

Give us the child for 8 years and it will be a Bolshevik forever. We have struck the kings from the earth * * * now let us strike the King from the skies.

He was referring, of course, to Almighty God.

We must hate—hatred is the basis of communism. Children must be taught to hate their parents if they are not Communists. If they are, then the child need not respect them; need no longer worry about them.

These are not the words of antirecognition propagandists against bolshevism—they are the words of Lenin himself, the founder of the philosophy, or, in any event, the man who put it into practice on the largest scale the world has ever known.

Again, Lunacharsky said, at Moscow:

We hate Christianity and Christians; even the best of them must be regarded as our worst enemies. They preach love of one's neighbor and mercy, which is contrary to our principles.

Christian love is an obstacle to the development of the revolution. Down with the love of one's neighbors. What we need is hatred. We must know how to hate; only thus shall we conquer the universe.

Another quotation from Lenin:

Religion must be abolished. The best country is a godless country. If religion will pass out quietly, our attitude will be one of benevolent tolerance. But if it resists we will hasten its exit by violence proportioned to its resistance.

Religious persecution is the order of the day there, nor is any religion immune. All are proscribed, and the effort to dignify atheism as a national religion for the Russian people is unconcealed.

The family as an institution has all but disappeared. Children are separated from parents; wives are separated from husbands; marriage is debauched and divorce is worse than a travesty.

They have undertaken to abolish God and have destroyed the family, and over these accomplishments the Moscow masters gloat with satisfaction and glee.

These two institutions, religion and the family, held sacred by Americans everywhere, have been trodden under foot and practically abolished.

Mr. President, who would wish to have the American people go into partnership, through the channels of diplomatic relations, with a system like that?

Free labor has been practically annihilated over there. In January 1931 an official ukase of the Soviet Government of Russia conscripted all labor needed in the railroad service. All departments, enterprises, and administrations were ordered to report the names of all persons having railway experience within 10 days, and to dismiss such employees with 2 weeks' pay and orders to report to the Soviet Railway Administration. Criminal proceedings, it was announced, would be taken against persons who tried to evade such service, and employers who assisted in such concealment. The entire mobilization had to be finished by March 1. This order is printed in the Soviet official press. Yet the Soviet authorities and their mouthpieces in the United States who persistently attempt to conceal the true character of the Moscow despotism by impudent lying will continue to deny that labor is conscripted in Soviet Russia.

Walter Duranty, formerly the Moscow correspondent of the London Times, now associated with the New York Times, sent a dispatch, subject to Sovnet censorship, to his publication, which placed the number of exiles at work in Russian concentration camps at 1,000,000, 200,000 of whom were in the northern timber camps. And he stated further that in addition to exiles in concentration camps, many others were forbidden to live in cities or other specified localities. In fact, the total number of people sentenced to some form of exile during the 2-year period was placed by him at 2,000,000. And according to the Soviet official press itself, political executions were recorded for the 2 months of October and November as follows:

Kulaks (property-owning peasants).....	147
Enemies of the Soviet Government.....	39
Religious activity.....	32
Specialists and saboteurs.....	25
Contrabandists and spies.....	3
Total.....	246

It is no wonder American labor opposes most vigorously any official recognition being extended by our Government.

Alvin E. Johnson, formerly Geneva correspondent of the New York World, I am informed, Mr. President, has conducted an exhaustive official inquiry which proves that the Soviet dictators are carrying forward an ambitious plan for world-wide dumping as a means of economic disturbance leading to revolution in non-Communist nations. I read from his statement:

This is being pushed forward through constantly increasing enslavement of the workers and farmers, with wholesale conscription of labor, and unbelievable conditions prevailing in the timber camps and fisheries of eastern Russia. Here many scores of wretched men, half starving, are held in slavery and driven to their tasks insufficiently fed and clothed.

I read further from his statement:

Wholesale seizures of people have been made on trumped-up charges, and they have been condemned to a living death as slaves of the dictatorship, because of inability to get free labor to submit to iron discipline imposed by the Moscow masters. The aristocrats, bourgeoisie, and kulaks, numbering millions, are disappearing from the face of Russia; where they have gone is a mystery, but it is apparent that most of them have been exterminated. The officials of the economic section call attention to the fact that enlightened statesmen in non-Communist countries have become aroused to the reality of the menace involved in the enslavement of millions of people to a ruthless political and industrial machine, inspired by hatred for the rest of the world, and moved by a fanatical purpose to destroy all non-Communist nations.

Some time ago Matthew Woll, vice president of the American Federation of Labor, summed it up in a brief statement which I am glad to quote:

ENSLAVE LABOR IN SOVIET RUSSIA

America's wage earners are not frightened by the bombast of Soviet 5-year plan. But we are concerned at the enslavement as political convicts of countless thousands of Russian and Finnish peasants whose only offense is, that after a lifetime of hard labor, they have shown enough efficiency to own half a dozen cattle. These are the people that are being forced to cutting down the

timber, mining the coal, and producing the materials being shipped into and dumped upon our market now.

The method by which these innocent and hard-working agriculturalists are converted into convicts is very simple.

A decree forbidding all retail merchants to sell any goods in any part of the country to any individual not possessed of a collective card has been issued by the Soviet Government. But those cards are delivered only to farmers who have consented to abandon their lands and stocks of grain to the community.

Some farmers have tried, and try yet, to resist the compulsion and to live on the products of their farms. Then the "shock brigade" intervenes.

The stubborn village is surrounded by armed bands; the peasants are seized under the threat of guns; they are tied up, stripped, horsewhipped; 1 out of 10, if no more, is shot; the rest are deported to remote provinces and never heard of any more.

This process of enslavement of the peasants is being systematically and openly extended to Russia's entire agricultural population.

The system of state slavery applied to the industrial workers necessarily takes a somewhat different form.

On October 11, last, Soviet Russia issued a decree abolishing all relief whatever for their unemployed and forced them not only to work under orders or starve but to work under orders or be blacklisted by the Soviets who have a monopoly of employment. Here are the exact words of this newest law. I quote from the New York Times dispatch of Duranty, the most ardent and reliable of prosoviet correspondents.

"Unemployed persons must accept work, not only in accordance with their own specialty but also, if necessary, work requiring no special qualification.

"No reason for refusal of such proposed work will be accepted except illness supported by a medical certificate. Refusal to accept work will involve removal of such persons' names from labor-exchange files."

In other words, the unemployed must accept the work offered by the Government on its own terms or be officially blacklisted.

As the Soviet is the sole employer and does not permit its victims to leave the country, this new Soviet law can only mean that all Soviet labor has become forced labor, as defined by our law.

Again on January 30, 1933, William Green, president of the American Federation of Labor, had the following to say:

In order that there be no confused state of the public mind with reference to the position of the American Federation of Labor upon this question, it seems appropriate to restate, in positive terms, the uncompromising opposition of the American Federation of Labor to the recognition of the Soviet Government by the United States Government. * * * Labor will not compromise upon this principle. It originally declared its opposition to the recognition of the Soviet Government until the Soviet Government ceased its Communist activities in our own land and until it disavowed its declared purpose, made through the Third International, to promote world revolution and to force the acceptance of the Communist philosophy through force.

Mr. Green understands perfectly well that if we trade with Russia we must buy their goods.

That would mean—

Says Mr. Green—

that labor in the United States would suffer through the importation of goods produced and manufactured by Russian labor under intolerable conditions of employment and at an indefensible low rate of wages.

To support his contention, Mr. Green points out the example of demoralizing trade with Russia through shipments of anthracite coal to America selling for less money in New England and on the eastern seaboard than our own Pennsylvania miners can produce it.

In a folder issued by the American Federation of Labor, this statement appears:

Trade-unionism and communism are as opposite as the poles. The claim that the two movements have the same purpose but differ as to methods is the statement of a trickster and an ignoramus. Organized workers are not interested in the next century. They would improve the world in their time and depend upon future generations to do likewise. That is why they struggle for higher wages, shorter hours, sanitary shops, compensation for injury, death, and occupational diseases, etc. The object of the simon-pure Communist is revolution—not only industrial but an upheaval of morals, ethics, and every other right relation between men.

But notwithstanding all known facts to the contrary, some Americans insist on contending that recognition would be a good thing for us economically.

Well, in the first place, trade has been going on with Russia on quite a large scale for a number of years and it has

brought no noticeable economic benefit to us. The truth is, when we do trade with that country, Russia demands cash from us on our purchases and long-time credit on what she buys. This, notwithstanding the fact that on former occasions she has deliberately repudiated her financial obligations to our people; and the present Soviet Government insists that a treaty is only a "scrap of paper", to be violated whenever her own self-interest suggests such action.

According to an Associated Press dispatch published in the Washington Star, Italy will call a halt on trade with the Soviets after 2 years. Her experiences with that country have been unhappy. Italy paid in cash, while Russia paid in credits running from 9 to 52 months.

Russia got the lion's share of the trading and thereby chalked up a balance heavily unfavorable to Italy.

The dispatch adds—

Russia got the lion's share of the trading and Italy is left holding the bag with a half billion lire in promissory notes.

Other countries have had similar experiences.

The truth is Russia owes every nation with whom she has dealt. Italy, England, France, Germany, the United States—all tell the same story.

And even granting for the sake of argument, though I do not admit its truth, that trade relations might be stimulated, how would we be advantaged if we pay out cash to them and extend credit for their purchases here? That they expect such an arrangement is admitted by their own leader.

For instance, John G. Ohsol, vice president of Amtorg, New York City, official Soviet agents, said on December 18, 1932:

Most of this business will go to other countries which have extended more favorable credit conditions and have not placed restrictions on Russian goods.

Peter A. Bogdanov, chairman of Amtorg, New York City, official Soviet agents, on May 26, 1932, had this to say:

The United States must buy as well as sell if it wants to enjoy a profitable business with Soviet Russia. It is obvious that the trade cannot be a one-sided affair.

And July 23, 1932, from the same source:

If America wishes to enjoy a profitable trade with Soviet Russia, she must arrange a liberal credit through which such business can be carried on.

In other words, Russia is willing to buy provided she is extended long-time credits and receives payment from us in cash.

When it is considered that she is only one of the many countries of the globe buying from us, and that our entire export is normally less than 7 percent of our production, it becomes perfectly apparent that no possible economic advantage can be gained by official recognition.

Of course, as I see it, recognition of the Soviet Government would be unwise from any standpoint; but its avowed purpose to destroy organized government everywhere, it seems to me, makes recognition unthinkable.

The Daily Worker, published in New York City, is the official organ in this country of the Communists. I quote from the issue of September 18, 1918, with reference to the growth of the Communist movement:

* * * American defenders of Soviet Russia attempt to differentiate in their public utterances between the Third International and the Soviet Government in their false claim that revolutionary agitation in the United States is not under the direction of the Soviet Government. The central editorial in the Daily Worker, official Russian Communist organ in the United States, is by Joseph Stalin, head of the Soviet Government and of the Third International. Stalin directs American Communists to read two books—Building Socialism in the Soviet Union, which presents working plans whereby the Communists in the United States may lay the groundwork for the Communist revolution here; second, The Trade Unions of the Union of Soviet Socialist Republics, suggesting ways in which the working trades of the United States may be subverted to Communist revolutionary purposes. It is fair to say that those who pretend there is a distinction between the Moscow Government and the Third Internationale know better. It is not ignorance but cunning which causes them to take this position.

The following paragraph is from the report of Comrade Kussinen at the tenth plenum of the executive committee of the Comintern, governing body of the Communists of the world, as printed in the *Daily Worker*:

The world army of the active class fighters is growing at a tremendously rapid pace. The miners in the Ruhr and in Scotland, the textile workers in Poland and in France, the barricade fighters of Berlin, the Bombay strikers and demonstrators, the plantation strikers in Colombia, the rebellious negroes in the Congo, the striking agricultural laborers in Czechoslovakia and in Poland, the revolutionary trade unions and the peasant guerilla warriors in China, the rebellious tribes in Morocco, and hundreds of thousands of other fighting groups—this is a gigantic active army. It shows how the revolutionary movement is growing throughout the world. If it goes on at this rate, all will be well. Yet the Communist Internationale should and will bring together even greater masses of the millions for the fight against the world bourgeoisie and for the proletarian world revolution.

The above shows the movement to be world-wide in scope, and, at the same time, admits that the Moscow Government and the Third Internationale are one the same thing.

Citing the particular tasks of the Communist Party, the thesis of the twelfth plenum of the Communist Internationale at Moscow, November 1932, among other things, contains the following:

The American party must mobilize the masses and concentrate chiefly for social insurance, etc., etc. * * * In regard to organization, carefully conceal the communistic nuclei in the factories, immediately proceed to form strictly secret nuclei in the military units and the militarized organization of the bourgeoisie in munition factories, on the railroads and in the ports and to take measures to insure that the party can promptly pass to an illegal basis in case of necessity.

And at the same time, Joseph Stalin, dictator of Russia and head of the Communist Party, made the following statement:

I consider that the Communist Party in the U.S.A. is one of the few communist parties to which history has confided decisive tasks from the viewpoint of the world revolutionary movement. The revolutionary crisis has not yet arrived in the United States, but there are already numerous indications which lead us to believe that it is near.

The Third Internationale has enabled the Communist Party of America to reach a stage where it can actively prepare the masses for future revolution.

American capitalism is thus moving relentlessly, not toward a technical or an industrial revolution, but toward a proletarian revolution.

Finally, I desire to quote to some extent from an article by Donald Day, published in the *Chicago Daily Tribune* of March 28, this year, with reference to Russian boasts of undermining world stability.

The report opens by stating that events of the last 2 years have confirmed Stalin's thesis that capitalism, after having passed through an era of temporary stabilization, is ripe for more active revolutionary leadership from Moscow, and claims that Stalin's program to develop world revolution through cultivating strikes has been successful.

Communists abroad, continues the report, have begun for the first time actively to organize the farmers of the United States, Germany, France, Holland, Spain, and Czechoslovakia with large success. * * * According to statistics of the comintern headquarters its agents abroad now number 1,276,600, an increase of one third since June 1932.

In summarizing the revolutionary activities in different parts of the world from the official report we see from Mr. Day's story the following:

Japan: Influential on students, workers, peasants, and soldiers. Much illegal literature is being distributed.

China: Party has grown from 192,000 to 280,000 in last 18 months; has supported boycott against Japan and is helping Chinese Red Army.

Spain: Few hundred Communists when Spanish Republic was declared; now has 17,500 and controls unions with membership of 200,000.

Poland: White Russians and Ukrainian branches cooperating with Communists to overthrow present regime.

Czechoslovakia: Growth in membership from 22,000 to 75,000.

Italy: Parading as Fascists, the Communists have organized strikes and uprisings.

England: Active part in textile strike and other industrial activities.

In short, Mr. President, I am unable to find one good reason for Russian recognition. On the contrary, all the evidence points in the other direction.

Up to this hour we have steadfastly turned our faces against recognition. Most of us have come to believe that attitude to be our settled policy. It was formulated in the latter part of Woodrow Wilson's administration. On August 10, 1920, the Secretary of State, Bainbridge Colby, stated this policy in a note to the Italian Ambassador. Mr. Colby said:

In the view of this Government there cannot be any common ground upon which it can stand with a power whose conceptions of international relations are so entirely alien to our own, so utterly repugnant to its moral sense. There can be no mutual confidence or trust, no respect even, if pledges are to be given and agreements made with a cynical repudiation of their obligations already in the minds of one of the parties. We cannot recognize, hold official relations with, or give friendly reception to the agents of a government which is determined and bound to conspire against our institutions; whose diplomats will be agitators of dangerous revolt; whose spokesmen say that they sign agreements with no intention of keeping them.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. ASHURST. Would the Senator be so kind as to print at the conclusion of his remarks the letter or pronouncement of Mr. Colby, made when he was Secretary of State, to which the Senator has referred?

Mr. ROBINSON of Indiana. I shall be very happy to do so.

From that day to this the policy then enunciated has been followed by succeeding administrations.

Answering recognitionists, Charles Evans Hughes, when he was head of the State Department, spoke as follows:

The American Government, as the President said in his message to Congress, is not proposing to barter away its principles. If the Soviet authorities are ready to restore confiscated property of American citizens or make effective compensation, they can do so. If the Soviet authorities are ready to repeal their decree repudiating Russia's obligations to this country and appropriately recognize them, they can do so * * *. Most serious is the continued propaganda to overthrow the institutions of this country. This Government can enter into no negotiations until these efforts directed from Moscow are abandoned.

In a message to Congress, President Calvin Coolidge said:

I do not propose to barter away for the privilege of trade any of the cherished rights of humanity. I do not propose to make merchandise of any American principles. These rights and principles must go wherever the sanctions of our Government go.

Herbert Hoover adopted the same policy throughout his administration.

Now, in the course of events, Franklin D. Roosevelt is the Chief Executive of the Nation, and from all sides the propagandists are urging a change in this sound American policy.

Indeed, broad intimations are heard to the effect that President Roosevelt is not unfriendly to the proposed change.

It is fervently to be hoped that the rumors are not well founded. In the midst of all our troubles it is the devout wish of the American people that executive concentration be directed to the solution of our domestic difficulties.

But regardless of what may be in the Presidential mind, I shall personally, with whatever humble ability I may possess, do everything in my power to prevent Russian recognition.

I refuse to lend my sanction to a partnership with a group of conspirators who openly avow that one of their chief objectives is the destruction of the Government under which I live, and to which I owe my allegiance.

Mr. President, I ask unanimous consent to have printed in the *RECORD*, immediately following my address on this subject, the document alluded to by the Senator from Arizona [Mr. ASHURST], namely, the statement of Mr. Bainbridge Colby, in full.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the *RECORD*, as follows:

TEXT OF AMERICAN NOTE REFUSING TO RECOGNIZE SOVIET RUSSIA
NOTE OF SECRETARY OF STATE COLBY TO THE ITALIAN AMBASSADOR,
AUGUST 10, 1920

(Department of State notes exchanged on the Russian-Polish situation by the United States, France, and Poland, International Conciliation Pamphlets, October 1920, no. 155, pp. 5-11)

DEPARTMENT OF STATE,
Washington, August 10, 1920.

EXCELLENCY: The agreeable intimation which you have conveyed to the State Department, that the Italian Government would welcome a statement of the views of this Government on the situation presented by the Russian advance into Poland, deserves a prompt response, and I will attempt without delay a definition of this Government's position not only as to the situation arising from Russian military pressure upon Poland but also as to certain cognate and inseparable phases of the Russian question viewed more broadly.

This Government believes in a united, free, and autonomous Polish State, and the people of the United States are earnestly solicitous for the maintenance of Poland's political independence and territorial integrity. From this attitude we will not depart, and the policy of this Government will be directed to the employment of all available means to render it effectual.

The Government, therefore, takes no exception to the effort apparently being made in some quarters to arrange an armistice between Poland and Russia, but it would not, at least for the present, participate in any plan for the expansion of the armistice negotiations into a general European conference, which would in all probability involve two results, from both of which this country strongly recoils, viz, the recognition of the Bolshevik regime and a settlement of the Russian problem almost inevitably upon the basis of a dismemberment of Russia.

From the beginning of the Russian revolution, in March 1917, to the present moment the Government and the people of the United States have followed its development with friendly solicitude and with profound sympathy for the efforts of the Russian people to reconstruct their national life upon the broad basis of popular self-government. The Government of the United States, reflecting the spirit of its people, has at all times desired to help the Russian people. In that spirit all its relations with Russia and with other nations in matters affecting the latter's interests have been conceived and governed.

The Government of the United States was the first Government to acknowledge the validity of the revolution and to give recognition of the provisional government of Russia. Almost immediately thereafter it became necessary for the United States to enter the war against Germany, and in that undertaking to become closely associated with the allied nations, including, of course, Russia. The war weariness of the masses of the Russian people was fully known to this Government and sympathetically comprehended. Prudence, self-interest, and loyalty to our associates made it desirable that we should give moral and material support to the provisional government, which was struggling to accomplish a twofold task—to carry on the war with vigor and, at the same time, to reorganize the life of the nation and establish a stable government based on popular sovereignty.

Quite independent of these motives, however, was the sincere friendship of the Government and the people of the United States for the great Russian nation. The friendship manifested by Russia toward this Nation in a time of trial and distress has left with us an imperishable sense of gratitude. It was as a grateful friend that we sent to Russia an expert commission to aid in bringing about such a reorganization of the railroad transportation system of the country as would reinvigorate the whole of its economic life and so add to the well-being of the Russian people.

While deeply regretting the withdrawal of Russia from the war at a critical time, and the disastrous surrender at Brest-Litovsk, the United States has fully understood that the people of Russia were in nowise responsible.

The United States maintains unimpaired its faith in the Russian people, in their high character, and their future. That they will overcome the existing anarchy, suffering, and destitution we do not entertain the slightest doubt. The distressing character of Russia's transition has many historical parallels, and the United States is confident that restored, free, and united Russia will again take a leading place in the world, joining with the other free nations in upholding peace and orderly justice.

Until that time shall arrive the United States feels that friendship and honor require that Russia's interests must be generously protected, and that, as far as possible, all decisions of vital importance to it, and especially those concerning its sovereignty over the territory of the former Russian Empire, be held in abeyance. By this feeling of friendship and honorable obligation to the great nation whose brave and heroic self-sacrifice contributed so much to the successful termination of the war, the Government of the United States was guided in its reply to the Lithuanian National Council, on October 15, 1919, and in its persistent refusal to recognize the Baltic States as separate nations independent of Russia. The same spirit was manifested in the note of this Government of March 24, 1920, in which it was stated, with reference to certain proposed settlements in the Near East, that no final decision should or can be made without the consent of Russia.

In line with these important declarations of policy the United States withheld its approval from the decision of the Supreme

Council at Paris recognizing the independence of the so-called Republics of Georgia and Azerbaijan, and so instructed its representative in southern Russia, Rear Admiral Newton A. McCully.

Finally, while gladly giving recognition to the independence of Armenia, the Government of the United States has taken the position that final determination of its boundaries must not be made without Russia's cooperation and agreement. Not only is Russia concerned because a considerable part of the territory of the new State of Armenia, when it shall be defined, formerly belonged to the Russian Empire, equally important is the fact that Armenia must have the good will and protective friendship of Russia if it is to remain independent and free.

These illustrations show with what consistency the Government of the United States has been guided in its foreign policy by a loyal friendship for Russia. We are unwilling that while it is helpless in the grip of a nonrepresentative government, whose only sanction is brutal force, Russia shall be weakened still further by a policy of dismemberment conceived in other than Russian interests.

With the desire of the Allied Powers to bring about a peaceful solution of the existing difficulties in Europe this Government is, of course, in hearty accord, and will support any justifiable steps to that end. It is unable to perceive, however, that a recognition of the Soviet regime would promote, much less accomplish, this object, and it is therefore adverse to any dealings with the Soviet regime beyond the most narrow boundaries to which a discussion of an armistice can be confined.

That the present rulers of Russia do not rule by the will or the consent of any considerable proportion of the Russian people is an incontestable fact. Although nearly 2½ years have passed since they seized the machinery of government, promising to protect the Constituent Assembly against alleged conspiracies against it, they have not yet permitted anything in the way of a popular election. At the moment when the work of creating a popular representative government based upon universal suffrage was nearing completion the Bolsheviks, although in number an inconsiderable minority of the people, by force and cunning seized the powers and machinery of government, and have continued to use them with savage oppression to maintain themselves in power.

Without any desire to interfere in the internal affairs of the Russian people or to suggest what kind of government they should have, the Government of the United States does express the hope that they will soon find a way to set up a government representing their free will and purpose. When that time comes the United States will consider the measures of practical assistance which can be taken to promote the restoration of Russia, provided Russia has not taken itself wholly out of the pale of the friendly interest of other nations by the pillage and oppression of the Poles.

It is not possible for the Government of the United States to recognize the present rulers of Russia as a government with which the relations common to friendly governments can be maintained. This conviction has nothing to do with any particular political or social structure which the Russian people themselves may see fit to embrace. It rests upon a wholly different set of facts. These facts, which none disputes, have convinced the Government of the United States, against its will, that the existing regime in Russia is based upon the negation of every principle of honor and good faith and every usage and convention underlying the whole structure of international law—the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals.

The responsible leaders of the regime have frequently and openly boasted that they are willing to sign agreements and undertakings with foreign powers while not having the slightest intention of observing such undertakings or carrying out such agreements. This attitude of disregard of obligations voluntarily entered into they base upon the theory that no compact or agreement made with a non-Bolshevik government can have any moral force for them. They have not only avowed this as a doctrine but have exemplified it in practice.

Indeed, upon numerous occasions the responsible spokesmen of this power and its official agencies have declared that it is their understanding that the very existence of bolshevism in Russia, the maintenance of their own rule, depends, and must continue to depend, upon the occurrence of revolutions in all other great civilized nations, including the United States, which will overthrow and destroy their governments and set up Bolshevik rule in their stead. They have made it quite plain that they intend to use every means, including, of course, diplomatic agencies, to promote such revolutionary movements in other countries.

It is true that they have in various ways expressed their willingness to give "assurances" and "guaranties" that they will not abuse the privileges and immunities of diplomatic agencies by using them for this purpose. In view of their own declarations, already referred to, such assurances and guaranties cannot be very seriously considered.

Moreover, it is within the knowledge of the Government of the United States that the bolshevik Government is itself subject to the control of a political faction with extensive international ramifications through the Third International, and that this body, which is heavily subsidized by the Bolshevik Government from the public revenues of Russia, has for its openly avowed aim the promotion of bolshevik revolutions throughout the world. The leaders of the Bolsheviks have boasted that their promises of noninterference with other nations would in no way bind the agents of this body.

There is no room for reasonable doubt that such agents would receive the support and protection of any diplomatic agencies the Bolsheviks might have in other countries. Inevitably, therefore, the diplomatic service of the Bolshevik Government would become a channel for intrigues and the propaganda of revolt against the institutions and laws of countries with which it was at peace, which would be an abuse of friendship to which enlightened governments cannot subject themselves.

In the view of this Government there cannot be any common ground upon which it can stand with a power whose conceptions of international relations are so entirely alien to its own, so utterly repugnant to its moral sense. There can be no mutual confidence or trust, no respect even, if pledges are to be given and agreements made with a cynical repudiation of their obligations already in the minds of one of the parties. We cannot recognize, hold official relations with, or give friendly reception to the agents of a government which is determined and bound to conspire against our institutions; whose diplomats will be the agitators of dangerous revolt; whose spokesmen say that they sign agreements with no intention of keeping them.

To summarize the position of this Government, I would say, therefore, in response to Your Excellency's inquiry, that it would regard with satisfaction a declaration by the Allied and Associated Powers that the territorial integrity and true boundaries of Russia shall be respected. These boundaries should properly include the whole of the former Russian Empire, with the exception of Finland proper, ethnic Poland, and such territory as may by agreement form a part of the Armenian State.

The aspirations of these nations are legitimate. Each was forcibly annexed, and their liberation from oppressive alien rule involves no aggression against Russia's territorial rights and has received the sanction of the public opinion of all free peoples. Such a declaration presupposes the withdrawal of all foreign troops from the territory embraced by these boundaries, and in the opinion of this Government should be accompanied by the announcement that no transgression by Poland, Finland, or any other power, of the line so drawn will be permitted.

Thus only can the Bolshevik regime be deprived of its false but effective appeal to Russian nationalism and compelled to meet the inevitable challenge of reason and self-respect which the Russian people, secure from invasion and territorial violation, are sure to address to a social philosophy that degrades them and a tyranny that oppresses them.

The policy herein outlined will command the support of this Government.

Accept, Excellency, the renewed assurance of my highest consideration.

BAINBRIDGE COLBY.

His Excellency, Baron CAMMILLO ROMANO AVEZZANO,

Ambassador of Italy.

Mr. BORAH. Mr. President, I do not intend to take the time of the Senate to discuss generally the question of the recognition of Russia. I have been an advocate of that policy for many years and have expressed myself on the subject so often that I could but reiterate what I have heretofore said. Perhaps it is a useless waste of energy to discuss the subject further at any time, but with the measure for farm relief pending I shall be brief on this occasion. I observe from the able speech of the Senator from Indiana that those who are opposing recognition are also reiterating what has heretofore often been said. I do not care to thresh over old arguments. But every once in a while there is an accession to the ranks of those who believe in the recognition of Russia, and with the advent of a new advocate often come new ideas, at least newly and more interestingly presented. So I shall content myself in the main with calling attention to the views of a distinguished person who has recently expressed his views on this subject.

No one has stated the proposition of the recognition of Russia more briefly and yet more comprehensively than ex-Governor Smith, of New York. In an editorial appearing in his magazine, the *New Outlook*, in the April number of 1933, he discusses the subject, as I say, briefly but convincingly. I read only one paragraph. The remainder I shall ask to have inserted in the *RECORD* in full.

Russian propaganda in this and other countries is also offered as a reason against recognition. I don't know how wide-spread Russian propaganda is, and I don't believe anyone else knows. In fact, there is considerable doubt as to whether the Russian Government actually is attempting to undermine other governments. If so, I am not afraid of what it will accomplish here.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Idaho yield right there?

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I yield.

Mr. ROBINSON of Indiana. There should be no doubt about the Russian Government undermining other governments or attempting it. They admit it. I have just quoted from the thesis of the twelfth plenum of last November, the statement by both Joseph Stalin and the quotation of the thesis itself, showing that is what they are doing.

Mr. BORAH. I am aware, Mr. President, of the supposed statements referred to by the Senator from Indiana, but I express my belief, based upon as thorough investigation as I have been able to give to the subject, that there has never been since Mr. Stalin became dictator of the Russian Government any attempt whatever upon the part of the Soviet Republic to interfere with the governmental affairs of the United States or to seek by propaganda to interfere with the governmental affairs of this country. Mr. Stalin well said, the Russian people have their own task to perform, their own problem to solve, and the best way for them to demonstrate that communism is a success, to satisfy the remainder of the world, is to demonstrate that it is a success in Russia, and that they will give their entire attention and consideration to that matter. In my opinion, the charge that the Soviet Government is seeking to undermine or destroy our Government is an exploded and absurd proposition.

Mr. President, the fear as to the effect of propaganda in the United States is based upon the supposition that the intelligence, character, and patriotism of the people of the United States are matters of grave doubt. It is my belief that if you would empty the entire amount of propaganda which is supposed to be gathered upon the borders of the United States into the laps of the people of the United States it would not have the slightest effect upon the thought and purpose of the people of the United States or their loyalty to our Government. The people of the United States are perfectly capable of reading, reflecting, and thinking over the different propositions which are presented to the world in different ways and of determining for themselves what is wise and what is not.

If I did not believe in the intelligence and the patriotism of the people of the United States, I might be afraid that they would be misled by propaganda of that kind; but as I do believe in their intelligence and patriotism I have no such fear whatever. I am not willing to base our foreign policies upon the theory that our own people are weaklings susceptible to every intellectual wind that blows.

Mr. ROBINSON of Indiana. Mr. President, will the Senator from Idaho yield?

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I yield.

Mr. ROBINSON of Indiana. I suppose the Senator from Idaho thinks it would be a perfectly fine thing to have a Russian Embassy established in Washington, which could be used as a center for propaganda looking to the destruction of American institutions? If one would assume, for the sake of argument—trying to agree with the Senator from Idaho, though I do not agree with him at all—that the American people could take care of themselves, what possible advantage could come from having this propaganda constantly spread through the length and breadth of the land?

Mr. BORAH. Mr. President, the fact of having an embassy established here would not aid or facilitate the Russians spreading propaganda in the United States in any substantial respect whatever. One can purchase for 5 cents any information he desires about Russia. During the time that Trotsky was writing for the *Saturday Evening Post* one could buy all kinds of literature and the entire discussion of the subject for 5 cents. If the 5 cents was not to be had the literature could be had free at the public libraries. It was spread out to the people of the United States. No such literature is being denied the people of the United States. They know precisely what is going on in Russia; they know all that is going on so far as information can be carried by any kind of propaganda, pro or con. Mr. Stalin's biography has been written by friendly persons and circulated throughout the United States. There is constantly appearing in the

newspapers all news about Russia; there is constantly appearing the side presented by the Russian people themselves; the arguments, pro and con, upon the Russian question and communism are constantly presented throughout the United States. There is no attempt, in any way of which I know, to prevent the circulation of any facts or arguments as to the wisdom or unwisdom of the great experiment in Russia or any circumstances touching Russian life or conditions in Russia.

Mr. ROBINSON of Indiana. If the Senator will yield again, the frank purpose of the Soviet Government in Russia is to destroy, with others, the American system and the American form of government. If that be true—and they admit it is true; they admitted it no farther back than last November in the proceedings of the twelfth plenum and Mr. Stalin himself admitted it, and I think, again in January of this very year, 2 months ago, Stalin made a statement to the same effect, that their purpose is to destroy the American Government and the American system of government and American institutions—what possible reason is there for our going into official partnership with them? What do we get out of it? That is what I should like to know.

Mr. BORAH. I do not concede the Senator's contention, in the first place, that they have any intention of destroying the Government of the United States. Whatever else may be said of the leaders in Russia, they are far too wise to entertain any such thought.

Mr. ROBINSON of Indiana. They admit that they have. I have read it here from their own statements.

Mr. BORAH. They have no intention of destroying the Government of the United States and they know perfectly well that they could not destroy the Government of the United States if they should undertake to do so. How are they going to destroy it? Are they going to land an army or are they going to seduce our own people into their belief? One or the other must be chosen, I suppose. I fear neither; and neither will be undertaken.

I have no fear of their landing an army, even if their ambassador were here. And I have no fear of their propaganda though it come in carload lots.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. LONG. Is there not more danger of this country being destroyed by 1 percent of the people owning 80 percent of the wealth than there is of a Russian army destroying it?

Mr. BORAH. Mr. President, I do not want to get into a discussion of that question, because I do not wish, by discussing the Soviet question, to delay the consideration of the bill which is now before the Senate.

Mr. President, I was reading from Governor Smith—and I would much prefer to read from the Governor than to discuss the question myself. His article in the New Outlook continues:

If so, I am not afraid of what it will accomplish here. There were orators spouting in Union Square when I was a boy, long before communism was heard of, and before socialism became respectable. At that time the fear was that the Socialists would overthrow the Government. As long as we stick to our fundamental principles of free speech and a free press, as a safety valve for the more excited and explosive elements in the community, we need have no fear of foreign propaganda. The Russians have plenty to do at home—

And so forth.

Mr. President, there was a time when we had more confidence in the character and loyalty of our own people and when we were more tolerant in permitting other peoples to work out their own problems and have whatever form of government they desired. It will be remembered—I think it was in April 1792, or 1793—that Washington sent word to his Cabinet to convene in Cabinet session. He advised them that he was going to consider the question of the recognition of the improvised revolutionary government of France. At the time that note was sent out the Government of France consisted of what was known as the Committee of Public Safety, at the head of which was, first, Danton, and afterward Robespierre. These men held in

their control the life and property of every man, woman, and child in France. They were the legislative body; the judicial body; they were the executive body; they were the sole Government of France at the time Washington proposed to recognize the Government of France. A short time before, the King of France had been beheaded, and a short time thereafter the Queen of France, the beautiful Marie Antoinette, was beheaded. The guillotine was running red every morning, and from 25 to 50 people were being executed day after day on the guillotine. The revolutionary government had offered to come to the help of any people who wished to overthrow their government. Under these circumstances Washington called his Cabinet together to consider the question of recognizing the Government of France as it then existed.

At that table sat Alexander Hamilton, one of the most powerful intellects in the history of governments. At that table sat Thomas Jefferson, the greatest political philosopher in all the history of the world. Such was the Cabinet and such were the forces and influences with which they had to contend in passing upon the question before them. Yet after less than 1 hour of discussion the Cabinet determined to recognize the Committee of Public Safety, or the Government of France, as it then was. When President Washington was asked why he would recognize a government in whose principles he utterly disbelieved, he stated that it was a bloody road over which France was traveling to democracy, but it was the only road over which she could ever reach a democratic form of government. Neither Washington nor Hamilton nor Jefferson believed in the bloody tenets of the revolutionary leaders of France, but they believed in the great principles which those leaders dimly grasped.

What was happening in England? The great debate was going on day after day between William Pitt and Charles James Fox over the question of recognizing the revolutionary government of France. The argument was asserted day after day in the inimitable language of William Pitt that the Government of France was an organized system arrayed against all other governments. If you turn back and read the speech of William Pitt in February 1801 against the recognition of France, you will find there the same declarations that are now being made against Russia. It was said that France would not keep her treaty promises; that France had agreed to send her army to any people who wanted to overthrow their government; that they had dethroned order and law and ridiculed religion and disowned God.

When finally the time came, some years afterward, that England felt it necessary to recognize the Government of France, Charles James Fox called attention to the fact that they would have done better to have followed the great western leader, George Washington, and to have recognized the French Government years previously.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

Mr. BORAH. Yes.

Mr. VANDENBERG. Is there any further analogy in the fact that after the French Government was recognized and Citizen Genét became its Ambassador, he so embroiled himself and the American Republic in difficulties that he had to be dismissed because of that fact?

Mr. BORAH. He was recalled, but the recognition of his Government was not withdrawn. President Washington asked that another representative of the Government of France be sent in the place of Genét. There was no break in diplomatic relations.

Mr. ROBINSON of Indiana. Mr. President, if the Senator will yield, at that time it is quite true, perhaps—there is some difference of opinion—that the statement was made and the charge made that France would not keep her word. I do not think her word is any better today than it then was. She has not paid her debt to this country, but refuses to do so.

Mr. BORAH. I suppose the Senator, however, is not going to move that we sever diplomatic relations with France?

Mr. ROBINSON of Indiana. No; I am not going to move in that direction, but if France should get in the same situation that Russia is now in, should follow the same system, and undertake to direct from Paris and from her Embassy here, every activity possible to destroy the Government under which I live and to which I owe allegiance, then, of course, I would insist that her Ambassador be recalled and that we sever diplomatic relations.

Mr. LEWIS. Mr. President—

Mr. BORAH. I yield.

Mr. LEWIS. I make bold, with the consent of the able Senator from Idaho, to say that, while I do not now speak to the question of Russia, its acknowledgment, or recognition, I ask the Senator if he will not recall that Lord Palmerston, the Premier, following up the question as to France, in a communication and in a public address placed the theory of the recognition of France upon the idea that each country had a right to have its own kind of government and that the recognition of a people for the purpose of trade or any other relationship was not in itself an endorsement of their particular government or their methods; and he referred to the United States, as the able Senator will recall, as continuing its relationship with England, but in nowise endorsing its policies of government.

Mr. BORAH. Certainly, that is a very well-established principle.

Mr. LEWIS. I recall Lord Palmerston's position on that question, because it was specifically addressed to France.

Mr. BORAH. I do not recall the Lord Palmerston letter, but I do, of course, recognize the principle that by recognizing a government or a people we do not endorse either their form of government or the practices of their people. If we did, we would at this time withdraw recognition from several governments I could mention.

Mr. COSTIGAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Colorado?

Mr. BORAH. I yield.

Mr. COSTIGAN. Is it not the judgment of the able Senator from Idaho, as a student of history, that, in the great debate to which the Senator has referred, Lord Chatham, the brilliant father of William Pitt, if he had been living, would not have stood with his distinguished son, but rather with Charles James Fox?

Mr. BORAH. I would judge from the elder Pitt's record with reference to the Colonies that that would be true.

Mr. President, we are told that a great many of the countries which have recognized Russia have had difficulties and that the recognition program has not been satisfactory. It reminds me to recall while we read of difficulties we also read that year after year they enlarge their trade agreement with Russia. Only lately have important treaties been concluded with France and Poland. I venture the opinion that the controversy which is now going on between Great Britain and Russia will finally result in an enlarged trade agreement between those countries.

Japan recognized Russia several years ago and in a public statement made the other day by her Premier said that the relationship of the two countries had been entirely satisfactory since the recognition.

There always will be disturbances in the relations between governments, whether there is a full recognition or partial recognition or no recognition; but the governments which have recognized Russia, with one single exception, have continued in that relationship.

However, suppose we put aside all the questions of immediate benefit and judge the situation from the world condition of affairs. We are now about to engage in a world economic conference. How are we going to adjust world economic affairs and leave out Russia? We now have going on intermittently in Geneva a disarmament conference. How are we going to disarm without taking into consideration Russia? How are we going to establish peace throughout the world with one sixth of the earth's surface outside of the family of nations? How are we going to establish an increased price of world commodities without taking into

consideration the greatest natural wealth and productive power in the world today outside of the United States, and that is Russia? How can we adjust any of these questions, peace or armaments or economic recovery, without this great country which occupies one sixth of the earth's surface? How can we restore economic solidarity and adjust the problems which are driving the whole world to misery and ruin and leave out Russia?

It is not because Russia stands in such need of recognition and not of any particular advantage to the people of the United States that we need argue this, but I ask in all sincerity of the advocates of the World Court, of the League of Nations, those who hope something may come of the economic conference, of the disarmament program, how can you hope to achieve ultimate and final success without considering the Russian people and the Russian Government? How can you win world peace, how can you restore amity and confidence among the nations if you leave out 160,000,000 people in possession of one sixth of the earth, and of the greatest undeveloped wealth on the globe? You meet Russia at every move. You may ignore her, but at the disarmament conference, at the economic conference, at every gathering where men meet to solve the world's problems, there is Russia. We cannot avoid taking her into consideration. Why not, therefore, meet her as one of the family of nations, and by doing so greatly advance the solutions of the problems for which the world anxiously awaits?

I ask unanimous consent to have printed at this point in my remarks the editorial of ex-Governor Smith, to which I have referred.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New Outlook, April 1933]

RECOGNIZE RUSSIA

The Senate Finance Committee at Washington invited a number of people to appear and to offer their ideas as to recovery. In the course of my remarks I strongly advocated the recognition of Russia. This was no unconsidered recommendation. I had come to this conclusion for a number of reasons and after analyzing a great many objections.

One of the principal objections is that Russia owes us money because of debts contracted before we entered the war. As a matter of fact, it turns out that we sold considerable material to the Kerensky government on the supposition, which proved to be a poor guess, that Kerensky would last. It is common knowledge that a good deal of what we sent over never reached Kerensky. The amount involved is not great. It is true also that private property of American citizens was taken by the Soviet Government after the revolution. So was all other private property. As against this, we must not forget that we maintained armies in Russia and Siberia, which did considerable damage and cost the natives much money, at a time when we were not at war with Russia and had no possible excuse under international law for keeping troops on her territory. In any adjustment this army invasion must be balanced against whatever Russia owes us. When it is all boiled down, this argument against recognition does not amount to much.

Then we have the argument that we should not trade with Russia because she does not keep her agreements. The fact of the matter is that we are dealing with Russia every day under cover, and that Russia has in this country the so-called Amtorg Trading Corporation, an official body which is carrying on negotiations for exchange of goods every day, and which certainly should not be permitted to function on American soil if trade relations are forbidden. If, on the other hand, we are trading under cover, we might better trade in the open.

Another argument against Russian recognition is that we disapprove of their form and theories of government. This argument runs counter to every sound American tradition. Thomas Jefferson told us that if we did not like our own Government we should do away with it and build up a new one. We have no right to tell another nation how it shall govern itself.

Russian propaganda in this and other countries is also offered as a reason against recognition. I don't know how wide-spread Russian propaganda is, and I don't believe anyone else knows. In fact, there is considerable doubt as to whether the Russian Government actually is attempting to undermine other governments. If so, I am not afraid of what it will accomplish here. There were orators spouting in Union Square when I was a boy, long before communism was heard of, and before socialism became respectable. At that time the fear was that the socialists would overthrow the Government. As long as we stick to our fundamental principles of free speech and a free press, as a safety valve for the more excited and explosive elements in the community, we need have no fear of foreign propaganda. The Russians have plenty to do at home with their 5- and 10-year plans, and with the feeding of a population which has been taken away

from the soil and put to unaccustomed work in factories. They are much more likely to become conservative than we are to become radical.

We are not proposing to withdraw our diplomatic representatives from Germany because Hitler and his party have come into power, although there is much in their philosophy which does not appeal to Americans. If anything, they are more extreme than the Communists. Moreover, if the Communist Party in Germany were to succeed Hitler, I don't think we would refuse to recognize the new administration.

My impression is that we could reestablish relations with Russia on favorable terms to both countries if we made the right sort of gesture. I would like to see a commission sent to Russia to negotiate a diplomatic and trade agreement, composed of men like Newton D. Baker, Brig. Gen. William N. Haskell, who had charge of the relief work after the war in Russia and the Near East, Hugh Cooper, the engineer who built the great dam on the Dnieper River, Alexander Legge, the president of the International Harvester Co., and Senator Barkley, of Kentucky, who has made a first-hand study of Russian conditions. A commission of this kind should restore normal relations in short order.

Mr. BLACK obtained the floor.

Mr. ROBINSON of Indiana. Mr. President, will the Senator permit me to make just one observation in reply to the Senator from Idaho?

Mr. BLACK. I am going to submit a request in reference to a bill in which the Senator from Indiana is very much interested, and which request I have every reason to believe will be granted. I sincerely hope that if possible we may take up and dispose of the motion to reconsider. It is a most interesting debate in which the Senator from Idaho and the Senator from Indiana have engaged, but I would like to submit the request and if possible have the debate limited to the motion to reconsider. I am sure, from information coming to me, that it will not take very long.

Mr. ROBINSON of Indiana. Will the Senator permit me to make just a short statement in response to what was said by the Senator from Idaho with reference to France?

Mr. BLACK. Of course, if the Senator insists, I shall do so, but I shall greatly appreciate it if he will let us proceed with the motion to reconsider. I am sure he will do anything in his power to further the cause of the bill to which the motion refers.

Mr. ROBINSON of Indiana. I am very much in sympathy with the Senator's bill, and I expect to do anything I can to assist him.

Mr. BLACK. Very well.

The PRESIDING OFFICER. Does the Senator from Alabama yield for the purpose indicated?

Mr. BLACK. I yield.

Mr. ROBINSON of Indiana. Mr. President, there is no analogy, as I see it, at all between the French Revolution and the Russian situation today. The French Revolution ran its course for a few years. Napoleon appeared and took the matter in hand and the ideals of the French Revolution disappeared instantly. Napoleon set up his own ideals which were far more conservative than those of any country in Europe. He undertook to set up a most conservative throne and found a most conservative dynasty and did everything he could to get the good will of the leaders of the various governments all over the world. He did not deliberately attempt by radical philosophy to undermine other governments. Then, of course, followed recognition, and then followed a system of official intercourse with other nations. Diplomatic relations were reestablished.

When Russia gets to the point where she is willing to look after her own business and permit America to attend to hers, to have the kind of government she wants in her own country and permit America to enjoy the kind of government Americans desire here, then I shall be willing to recognize officially that Government; but until that is done I shall not be willing.

Mr. BORAH. Mr. President, I am glad to know that some time or other the Senator from Indiana will consider recognition of Russia. The Senator calls attention to the fact that the French Revolution ran its course and Napoleon succeeded and that recognition was had, and so forth. May I invite the Senator's attention to the fact that when the debate took place between Pitt and Fox, Napoleon was then in charge of affairs and was Emperor of France.

Mr. ROBINSON of Indiana. Yes; and may I suggest to the Senator from Idaho that practically all the nations of Europe at one time had refused to sustain diplomatic relations with the French Emperor, both when he became First Consul and after he became the Emperor and had had himself crowned. Even then he was considered by Heaven's anointed on the thrones of Europe more or less as a parvenu among royalty, and they refused to recognize him and at heart continued their refusal until they had destroyed him. But he controlled practically all of Europe by the force of his sword.

Mr. BORAH. I must have misunderstood the Senator. I understood the Senator to say that after Napoleon came to the throne, England and other governments recognized the Government of France.

Mr. ROBINSON of Indiana. Mr. President, I thank the Senator from Alabama for yielding to me.

6-HOUR DAY AND 5-DAY WEEK—MOTION TO RECONSIDER

Mr. BLACK. Mr. President, I ask unanimous consent that the unfinished business may be temporarily laid aside and that the Senate proceed to consider the motion of the Senator from Florida [Mr. TRAMMELL] to reconsider the vote by which the 6-hour day and 5-day week bill was passed.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

Mr. McNARY. Withholding decision in the matter for the moment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Cutting	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Loneragan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	Overton	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, a quorum is present. The question is the unanimous consent proposed by the Senator from Alabama [Mr. BLACK].

Mr. SMITH. Mr. President, I have made some inquiry, and I am informed that this motion would lead to such a lengthy debate and discussion that it would seriously delay the farm relief bill. Therefore—

Mr. BLACK. Mr. President, before the Senator makes that statement, may I ask him if he has learned who is going to indulge in any lengthy debate? I have been unable to do so. I should like to have the Record show the names of those who are against the 30 hour bill, and who are threatening, without letting it be known, to oppose it by long speeches.

Mr. TRAMMELL. Mr. President—

Mr. SMITH. I yield.

Mr. TRAMMELL. In view of the fact that I made the motion, I wish to repeat a statement that I made yesterday, in substance—that as far as I am concerned, there is not any great length of time desired, and I do not expect to speak more than 25 minutes longer on the motion.

Mr. BLACK. May I also say to the Senator from South Carolina that, in my judgment, there are two major relief measures that need to be passed. One of them is with reference to the agricultural situation and one of them is with reference to the industrial situation. I should like also to state that this afternoon, according to my information, the

Secretary of Labor is appearing before the Labor Committee of the House with reference to the particular bill referred to in the motion of the Senator from Florida. I have no reason to believe that it will not promptly receive consideration in the House. As a matter of fact, I have every reason to believe that it will. Realizing the fact that the farm relief bill can not possibly be passed for several days, it seems to me that it is of equal importance that this other bill, affecting the industrial workers, be passed upon. We can pass upon it and send it over to the House and obtain action.

Mr. SMITH. The Senator is going upon the assumption, I presume, that the chairman of the Agricultural Committee is not sympathetic with his bill.

Mr. BLACK. Oh, no; if the Senator will permit me—

Mr. SMITH. But I must insist that the farm bill has precedence in importance over every other. I hope that by tomorrow evening we can dispose of it. I hope so. I think every Senator here has practically made up his mind as to what he is going to do about the bill. So far as the labor proposition which the Senator from Alabama has in charge is concerned, it will not suffer greatly by a few days' delay, because it will pass again, as it passed before. Therefore I must insist that the regular order be carried out.

The PRESIDING OFFICER. Objection is made, and the regular order is demanded.

Mr. BLACK. Mr. President, I desire to make a few remarks with reference to the situation.

No one is more anxious than I am that we proceed with this farm-relief legislation. As a matter of fact, we have been here since 12 o'clock, and it has not received any discussion whatever. I agree fully with the Senator that when this motion for reconsideration is taken up the Senate will vote it down. I have no sort of question about that. I agree fully with the Senator that the speeches that are to be made, either by me or by anyone else, are not likely to have any effect with reference to the vote upon the matter. I think the Senate has its mind made up. It has developed that fact. I do think, however, that there is a deliberate under-cover effort—not on the part of the Senator from Florida—to delay action upon this motion for reconsideration. Of course, while that is being done, 150 to 200 telegrams per day are reaching Members of the House. I do not anticipate that even that will have any effect. In my judgment, the day has passed when the small group that formerly determined the type of legislation for the people of America any longer control. They are not going to control the matter in the House; and it will be discovered when the vote is taken that all of this attempted pressure with reference to this particular legislation will accomplish nothing.

Mr. President, I want it distinctly understood that insofar as the senior Senator from South Carolina [Mr. SMITH] is concerned, he is in favor of the bill. I understand the importance of the agricultural measure and the duty which devolves upon him to use every possible method to obtain its passage. I regret exceedingly that the objection was not permitted to come from those who have left the impression with the Senator from South Carolina that there are a lot of Senators over there who are ready to debate against this bill. I regret that they did not make the objection. I do not believe that they are there.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. SMITH. I yield to the Senator.

Mr. NORBECK. I just want to say that I was on the floor for the purpose of objecting at the time. I was not reached, however, because the Senator from Oregon [Mr. McNARY] did the objecting. I object solely to the setting aside of the agricultural bill. I should have no objection to voting on the Senator's bill if it could be done immediately; but I, for one, in my own name, want to object to displacing the agricultural bill.

Mr. BLACK. I understand that the Senator wants to object on that ground.

Mr. NORBECK. Yes.

Mr. BLACK. I fully appreciate that; but the regret I have is that the Senator does not leave the objection to be made by those who are not coming out in the open and making

the objection, but who are against the bill, and who are not objecting on account of the fact that they favor, as does the Senator, the farm bill.

Mr. NORBECK. I have assumed that one objection is sufficient, and I have made my objection.

Mr. BLACK. The Senator is correct.

Mr. NORBECK. I have no objection to getting a vote on the Senator's bill if we can get it soon, but I do not want the agricultural bill displaced. It is the most important thing before the country, and it has been kicked around now for 12 years, and I want to get a vote on it.

Mr. BLACK. I fully appreciate that, just as I do the position of the Senator from South Carolina. The Senator wants to go ahead with the farm bill, which is perfectly natural; and by reason of his long interest in agriculture, along with those others here, it is perfectly natural that he should feel that he wants the farm bill to proceed.

Mr. President, I now ask unanimous consent when the Senate meets tomorrow at 12 o'clock, without going through the formality of making a motion to adjourn, the Senate take up the 30 hour bill; that the pending measure be temporarily laid aside to enable the Senate to take it up tomorrow at 12 o'clock, and that we vote on the bill at 2 o'clock, and that no Senator be permitted to speak more than once or longer than 25 minutes.

The PRESIDING OFFICER (Mr. COPELAND in the chair). Is there objection?

Mr. NORBECK. Mr. President, does the Senator make that proposal conditional on the farm bill having been passed in the meanwhile? If he does, I have no objection.

Mr. BLACK. I may state to the Senator that I am making the proposal on the theory that we could move to adjourn and have 2 hours to take up the 30 hour bill tomorrow morning.

Mr. NORBECK. No; I object.

The PRESIDING OFFICER. Objection has been made.

Mr. BLACK. Mr. President, if for any reason I am out of the Chamber when a motion to recess is made, I desire to request of those who are here that a quorum may be called, in order that I may be here to move that the Senate adjourn.

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The PRESIDING OFFICER. The question is on the amendment on page 25 of the bill.

Mr. McNARY. Is that Part 3, Cost of Production?

The PRESIDING OFFICER. Yes.

Mr. McNARY. I think we should have a quorum, and I suggest the absence of one.

Mr. SMITH. I did not hear the statement of the Senator from Oregon.

Mr. McNARY. When part 3 was reached last evening, on account of its importance and the time given to it by the committee, I suggested that it go over until today. There are a number of Senators who, I know, desire to be here. I therefore suggest the absence of a quorum.

Mr. SMITH. I concur in the suggestion.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Carey	Gore	McNary
Ashurst	Clark	Hale	Metcalf
Austin	Connally	Harrison	Murphy
Bachman	Coolidge	Hastings	Neely
Bailey	Copeland	Hatfield	Norbeck
Bankhead	Costigan	Hayden	Norris
Barbour	Couzens	Johnson	Nye
Barkley	Cutting	Kean	Overton
Black	Dickinson	Kendrick	Patterson
Bone	Dieterich	Keyes	Pittman
Borah	Dill	La Follette	Pope
Bratton	Duffy	Lewis	Reed
Brown	Erickson	Logan	Reynolds
Bulkley	Fess	Lonergan	Robinson, Ark.
Bulow	Fletcher	Long	Robinson, Ind.
Byrd	Frazier	McAdoo	Russell
Byrnes	George	McCarran	Schall
Capper	Glass	McGill	Sheppard
Caraway	Goldsborough	McKellar	Shipstead

Smith	Thomas, Utah	Vandenberg	Walsh
Steinwer	Townsend	Van Nuys	Wheeler
Stephens	Trammell	Wagner	White
Thomas, Okla.	Tydings	Walcott	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, there is a quorum present.

The question is on the amendment on page 25 of the bill.

Mr. GEORGE. Mr. President, as I understand it, we have reached part 3 of the bill.

Mr. SMITH. Part 3, on page 25.

Mr. GEORGE. I should like to ask the chairman of the committee this question: This committee amendment had its origin in the committee alone as a part of the general scheme of the bill, which has had the approval of the Secretary of Agriculture?

Mr. SMITH. This provision was incorporated in the bill by the committee alone, and I should like to have the senior Senator from Nebraska [Mr. NORRIS] explain the amendment to the Senate, as he really is the author of it. It was offered by him and accepted by the committee. So I should like to have the Senator from Nebraska explain the situation.

Mr. NORRIS. Mr. President, the principle involved in this amendment is not new. It has been one of the subjects of consideration and discussion in the Committee on Agriculture and Forestry and in the Senate on several occasions for quite a number of years.

The bill in its general purpose gives broad powers to the Secretary of Agriculture, providing that he shall have the authority to follow certain lines set out in the bill. Provision for a processing tax has been included in the bill, under which the Secretary of Agriculture and the Secretary of the Treasury would have control. The assessing of the tax is provided for, the tax to be levied upon the processor, with the idea of getting to the producer, the farmer, a price which, under existing conditions, would buy as much as the same amount of commodity would have purchased during the year that is set aside as the base period.

There is a great similarity between that provision and the one now under consideration, and the committee decided to add to the authority by setting up this plan, which the Secretary could use the same as he could the other. He could apply one plan to one commodity to which he thought it had particular application, and another plan to a different commodity. I presume he could apply a plan in one section of the country different from what he would use in another section of the country in relation to the same commodity. His authority would be almost unlimited.

Instead of trying to reach the base period by getting the price up to what it was in that period, so far as its ability to purchase commodities is concerned, it provides for the cost of production to the farmer who produces the article.

Suppose we apply it to wheat. The Secretary would ascertain the cost of production from the reports and statistics in his office and make an estimate as to the probable amount of domestic consumption of wheat. Having the figures as to the total amount produced, he would be able to deduct one from the other and find the amount that would have to be exported; in other words, the amount that could not be consumed in this country. This provision would give him authority to give to the farmer cost of production for that part of the product that is consumed in the United States.

Mr. President, briefly, that is the object of the whole thing. It can be carried out, in my judgment, by the employment of as small a number of men as under any other plan in the bill. The Secretary would carry out the provision, very likely, by licensing the dealers—using wheat again for an illustration, the elevator men. The elevator man would take the cost of production fixed by the Secretary of Agriculture in his proclamation for that part of the product brought to him that would be for home consumption. The balance would be sold just as it is now, controlled and handled, probably, in the same way it is controlled and handled now.

Let us say that the Secretary, in his estimate, found that the total production of wheat for the year under consideration would be 800,000,000 bushels, and that his estimate showed that there would be domestically consumed and

kept for seed 600,000,000 bushels. That would mean that 200,000,000 bushels would have to be exported. If a man brought to the elevator a thousand bushels of wheat, the elevator would be required to pay him the cost of production, as it had been settled by the Secretary of Agriculture, for 750 bushels, and the balance they could settle among themselves. The price probably would be fixed by the world market price, just as it is now.

As to the machinery for carrying out the measure, the Secretary of Agriculture, as he would under all the other parts of the program, would have almost unlimited authority to arrange matters. I think that, in a nutshell, tells just what the object is.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. VANDENBERG. Would it be fair to say that both of these schemes are essentially price-fixing schemes, but that the formula to which the Senator now addresses himself goes straight to the mark, avoids all necessity for a taxing system in order to make it work, avoids all necessity for a complicated system of administration and supervision, and is a straight short cut to the objective which the other part of the bill pretends to reach?

Mr. NORRIS. Yes; I think that is a fair statement of it.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. GEORGE. Mr. President, I observe from a reading of the bill, and from the Senator's explanation, that the provisions in this part apply to local or intrastate purchases, as well as to interstate purchases.

Mr. NORRIS. My idea would be that he would take care of that with his regulations.

Mr. GEORGE. There seems to be no distinction made in the measure.

Mr. NORRIS. Probably not. I was here and listened to the inquiry propounded yesterday to the Senator from South Carolina by the Senator from Kentucky. It occurred to me that the difficulty, if it were a difficulty, would be easily handled by the Secretary of Agriculture. If the bill does need amendment in that respect, certainly it ought to be amended. I should not like to compel the Secretary in making his regulations to go as far as indicated in the illustration used by the Senator from Kentucky yesterday, so that if one farmer sold another one a plug of tobacco he might find himself liable for a penalty under this proposed law.

The suggestion was also made to me today by one of the Senators here that the penalty probably is too severe, and I was rather impressed with the suggestion that it ought to be a civil penalty, rather than a criminal penalty. As far as I am concerned, all I am interested in is having the power vested, and the penalty sufficiently strong so that it will bring about an acquiescence in the act.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. AUSTIN. I should like to ask if there is anything anywhere in this amendment which would exclude an international purchase. That is to say, suppose a processor of feed for cattle should purchase the raw material just north of the Canadian line, say a mile and a half or so from his plant. Must he also be held a criminal for entering into that contract, if he pays a smaller price than that fixed by the Secretary of Agriculture?

Mr. NORRIS. Mr. President, he may pay a larger price if he wants to, but he ought to pay at least the price fixed by the Secretary of Agriculture. If we are to make the bill effective we cannot put anything into it or anything in the regulations that would enable two men to contract for a lesser price for that part of the product that is to be consumed domestically. If we do that, we will have nullified the law.

I realize that it is a severe method of dealing with the situation. I realize that all of these plans are severe, and I can imagine hardships that would come here or there. I can imagine many difficulties that would come in the ad-

ministration of the law. Some of them, as to some commodities, would be insurmountable. After all, no man can tell how any of these plans, if put into effect on any particular commodity, is going to work.

We might just as well face the truth and realize that we are not dealing with certainties. We are to a great extent performing an experiment. We are confronted with the fact that the farmer is producing the food we eat and the products from which the clothes we wear are made at a financial loss to himself, and has been doing so for quite a number of years, and it is only recently that the rich and the poor alike, the man in the city as well as the man in the country, have begun to realize that that is true. They are confronted with the fact that we cannot go on indefinitely in this way and live. Our country must fail, our very civilization cannot exist, if the farmers of the country, who represent the foundation stone of our temple of prosperity, cannot get cost of production. We are all realizing that, and we are all anxious to give it to the farmer. Things have gone very far, however. Nobody has heeded the voices which have been crying out for 10 years calling attention to the fact that we are rapidly approaching that kind of a condition. Now we realize it. Everybody concedes it; and every man, whatever may be his walk in life, is anxious, I think, honestly and conscientiously anxious, to remedy the situation. We disagree about how we should go about it, and if we are fair in our hearts with ourselves we must realize that no man absolutely knows what to do. There is no mathematical demonstration that can be given. Yet we are confronted with the condition; and, as honest men, as conscientious men, we have to take our chances. It is necessary that we should delegate some powers to someone to deal with conditions as to which we cannot state in advance what they are going to be and as to which, therefore, we cannot legislate. We have got to do this in order to give to the producers of the food which we eat a price equal to the cost of production and so save our country and our civilization.

Mr. FESS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. NORRIS. I yield to the Senator from Ohio.

Mr. FESS. There is a practical difficulty about this particular section of the bill which I should like to have the Senator explain and to indicate. I desire to know how it may be surmounted. Nearly every agricultural commodity will be embraced in this legislation, and as to many such commodities there will be a first grade, a second grade, and a third grade. Take hogs. There will be in one litter high-grade pigs and also runts. It costs as much, if not more, to develop the second grade, the runts, as it does the first grade; indeed, I think it costs more. The difficulty arises when we consider whether the sale of the lower or more costly grade to produce can be made on the cost-of-production basis.

Mr. NORRIS. The Senator from Ohio has presented a question that is difficult to answer. In answer I am going to take something different from hogs.

Mr. FESS. The Senator from Nebraska may select anything else.

Mr. NORRIS. I want to say to the Senator that if I were Secretary of Agriculture and were called upon to put the proposed legislation into effect, I never would start with hogs. I was one member of the committee who wanted to strike out every basic agricultural product except wheat and cotton.

Mr. FESS. That ought to have been done.

Mr. NORRIS. I think it ought to have been done, but we were not able to do it. I was impressed with the desire of the Secretary of Agriculture to keep hogs and corn in; he wanted them kept in, and said so. I have no objection to keeping them in and letting the Secretary try it, though I doubt very much, I will say to the Senator from Ohio, whether in the case of hogs he could make this plan work. Personally I agree with the Senator and think he has presented a question that is very difficult to answer, and, so far as I am concerned, I cannot answer. However, if he were

to select wheat, then I could answer it. There are different grades of wheat, as there are of hogs.

Mr. FESS. Very well; I should like to have the Senator from Nebraska answer my question in its application to wheat.

Mr. NORRIS. When we fixed the price of wheat during the World War, we fixed it for a certain grade at a certain market, all other grades bearing their certain relationship to the grade the price of which we fixed. Under this bill the Secretary of Agriculture would, by his regulations, I should think, fix the price for a certain grade of wheat, assuming that he is going to apply it to wheat. He does not have to apply it to anything, if he does not want to, nor does he have to apply it to hogs or to corn. He could pick out whatever commodities he desired to make the application to. If he should select, in the case of wheat, Hard No. 1 Northern or No. 2, all the wheat better than that or lower than that in grade would bear a certain fixed relation to the standard fixed. So the price would go below or above the standard fixed, as the case might be. I do not think there will be much difficulty about fixing that. We had to fix it during the war, and we fixed it by regulation which controlled the price of wheat. I concede that in the case of some of the other commodities it would seem to me it would be impossible to make the plan work; but if I were Secretary of Agriculture, I would try it on the commodities which I believed were the easiest to handle, because, God knows, it is going to be difficult to operate the plan as to any of them.

Mr. FESS. I desire to ask the Senator another question, if he will permit me. I cannot see how the Secretary could enforce that feature which makes the plan applicable only to that portion of commodities which are domestically consumed, though the Senator, I think, gave the illustration of that a moment ago. If a farmer raised 600 bushels of wheat and sold it to a miller, and we proceed on the assumption that there will be consumed 600,000,000 bushels and that there will be produced 800,000,000, we will consume three fourths of the domestic production at home.

Mr. NORRIS. Yes.

Mr. FESS. Then the miller would pay the tax on only three fourths of the 600 bushels, or on 450 bushels.

Mr. NORRIS. That is just as is now provided; there is no change made in that respect.

Mr. FESS. So that clears up the question as to just how that would operate.

Mr. NORRIS. I call the attention of the Senator to the fact that, as the Senator from Michigan has so well stated, that compared with the other plans, this provides quite a simple method of reaching the result.

Mr. FESS. It is the feature as to pricefixing which disturbs me, outside of the general opposition to the Government's going into this field.

Mr. NORRIS. It also disturbs me, but I will say to the Senator from Ohio that we shall, I think, have to give up some of the notions which we entertain; we shall have to surrender some of our cherished opinions. We are confronted with a predicament that never before confronted the world, and many of us have got to compromise with the ideas we have held during our entire lifetime and which have become a part of our make-up and our system. That is the reason, it seems to me, why we are justified in affording to the Secretary of Agriculture as many methods which he may try as can show any prospect of being successful. The Secretary of Agriculture can apply part 3 to wheat if he so wishes; he can take part 2 and apply it to hogs; and he can take another part and apply it to cotton if he so desires. He will find that some of the remedies proposed are more easily applied to some particular commodities than they are to others, and that to some they cannot be applied at all.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NORRIS. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. To the best of my knowledge, the most serious objection to this provision of the bill comes from those who claim that it is impossible to find a basis upon which to determine the cost of production. They say that the cost of production cannot be ascertained. I

wish to call attention to the principle underlying the present tariff act and to all other tariff acts in the history of the American system of protection. The slogan has been the difference in cost of production at home and abroad. If we can determine the cost of production for the purposes of tariff making, which must be done if we are going to base the rate of duty on the difference in the cost of production at home and abroad, we must know the cost of production not only at home but also know the cost of production abroad; and I beg to submit that, if we can do that for the purpose of tariff making, we can do it also for the purpose of price fixing. I thank the Senator.

Mr. NORRIS. Mr. President, I thank the Senator from Minnesota. Perhaps I ought to say a word about the cost of production. Again we are confronting a field that we cannot define definitely or mathematically, and we might just as well reach that conclusion to begin with and not deceive ourselves. No man, no set of men, can hope to be mathematically correct when they undertake to fix the cost of production. I realize that of itself is a different thing. It will be necessary for compromises to be made, and when that is done the result will not be mathematically correct.

Mr. SMITH. Mr. President—

Mr. NORRIS. I will yield in just a moment. But we hope the Secretary of Agriculture, who we all know is moved by the highest and the best motives, will do the best he can under the very difficult situation. I now yield to the Senator from South Carolina.

Mr. SMITH. Mr. President, may I suggest to the Senator from Nebraska that if the farmer does not obtain the cost of production, and do it pretty soon, it will only postpone the inevitable ultimate bankruptcy and extinction of the farmer. That is axiomatic. If he gets less for what he produces and sells than it costs to produce it, his business, like every other business in the world, cannot live and exist under such conditions. I do not believe, if the Senator will allow me further, that there is any difficulty in ascertaining the average cost of production of our staple agricultural commodities, such as wheat, corn, and cotton. They are subject to a more reasonable approach to the cost of production than a great many manufactured articles which are produced more or less as byproducts in connection with the articles of principal manufacture. I do not think there is any difficulty here at all. I think the Senator from Minnesota [Mr. SHIPSTEAD] has suggested an idea that makes it absurd to think that we cannot determine the cost of production of wheat, for instance, when we have already put a tariff on wheat based on that determination. The tariff on wheat was adjusted to measure the difference between the cost of production at home and abroad, and it seems to me that it is imperatively necessary that the farmer should now obtain at least the cost of production.

Mr. NORRIS. I agree with the Senator that that is imperatively necessary. Yet, of course, even in tariff matters, it is impossible to determine mathematically to a cent the cost of producing any manufactured article. The cost varies in different parts of the country.

Mr. WALSH. Depending upon the efficiency of the producer.

Mr. NORRIS. Absolutely. It is necessary to take into consideration a number of items.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NORRIS. I will yield in just a moment. But we are confronting the fact here, as in the case the Senator mentioned, that we must approximate. We must not, Mr. President, expect perfection. If we do, we are going to be disappointed. We all ought to realize that the Secretary of Agriculture in executing this bill will be confronted with the most difficult task that has ever faced a public official and that he will undoubtedly make mistakes; he would not be human if he did not do so. He will do many things differently from how I would do them or from how the Senator from Michigan would do them, but we must permit him to do the best that he can and satisfy his own conscience and his own judgment. When he fixes, for instance—if he

applies it to wheat—the cost of production of wheat, there will be some farmers for whom the cost of production thus fixed will be too high, and there will be others for whom it will be too low. It will be an arbitrary determination of an impossible situation. Somebody, however, must determine it; it must be determined, for everyone now concedes we cannot go on unless the farmer gets the cost of production. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, I want to make clear that I agree with the Senator from Nebraska as to the difficulty of mathematically and correctly determining the average cost of production of any given commodity. I want to make it clear that I agree with him as to that, but we have fixed the cost of production; we ascertained it for the purpose of tariff making in the case of wheat, for instance, in 1924. No one will claim that we found the actual mathematical cost of production, but we did find the cost of production for the purpose of tariff making. If we now take the position that we cannot find on the same basis the cost of production for the purpose of price fixing, then the foundation of our whole tariff structure, based upon the difference of cost of production at home and abroad, vanishes and has nothing on which to stand.

Mr. NORRIS. I thank the Senator.

Mr. VANDENBERG. Mr. President—

Mr. NORRIS. I yield to the Senator from Michigan.

Mr. VANDENBERG. And I think the Senator may add that any calculations respecting the cost of production under this section of the bill are relatively a kindergarten problem compared to the difficulties under the other sections of the bill; and therefore if there is a justification for the other sections, there certainly is for this section.

Mr. NORRIS. I agree with the Senator. This, in my opinion, would be the easiest plan laid out in the bill for the Secretary to follow. I realize when I say that, that other men, just as able and conscientious as I, have reached a different conclusion, but I have no hesitancy in saying that so far as simplicity is concerned this plan is away above and beyond any of the others so far as I am able to analyze it.

Mr. President, unless there are other questions, I have nothing more to say. I should like to hasten action on the bill as much as possible.

Mr. VANDENBERG. Mr. President, I want to make this supplementary observation to the remarks that have been submitted by the able Senator from Nebraska [Mr. NORRIS]: I am ready for new experiments to seek a way out of agriculture's troubles. I agree that agriculture's emancipation is prerequisite to America's recapture of prosperity. But we are warned by costly experience that it takes more than legislative sympathy and good will to produce actual farm aid. I have never been one of those who thought this problem could be settled by price fixing, and I do not think so now. I have never been able thus far to escape the conviction that price fixing has been a tragic failure in connection with cotton in Egypt, cattle in the Argentina, rubber in Brazil, nitrates in Chile, sugar in Cuba, coffee in Brazil, silk in Japan, and vegetables in Germany. I realize that in those instances an international situation usually was concerned, while here we are undertaking to deal with the problem within our own confines. But I have never been persuaded that we could accomplish this economic result by the formula of price fixing. I think it promises more harm than good. However, if an effort at price fixing is to be made, in spite of the opposition of those of us who do not believe in it, I know of no reason why it should not be made in the open and frankly as such.

It seems to me that the first sections of the bill under the Wallace-Tugwell-Ezekiel allotment formula constitute price-fixing and nothing else, only it is dressed up with much tortuous camouflage—I am not speaking invidiously—and it has within it the necessity for the collection of a far-flung sales tax and the necessity for a tremendous administrative system to operate it. It has within it many nebulous calculations as to what the mystifying factors are and what the net results are to be. But finally it appears to make a

dictator out of the Secretary of Agriculture and to license him to order restraints upon the liberty of action of millions of farmers and to order sales taxes upon the food and clothing of other millions of our citizens—all according to some abstruse calculations which defy present illumination.

I have sat here for 2 days and tried conscientiously to discover precisely how the plan works. I could only come to the conclusion that when we mix Ph.D.'s and R.F.D.'s we are in trouble. When we are all done, however, with the Wallace-Tugwell-Ezekiel parity formula we have fixed a price. I do not think any of us know precisely how it is to be done, nor what the actual net result is to be, nor what is to happen either to the farmer or the Treasury or the consumer as a result, but we have fixed a price. The consumer will pay a minimum of $1\frac{1}{2}$ billions as a result.

I submit that if we are to proceed with price fixing, it would be infinitely better to proceed under the terms of this simpler and more direct part of the bill, because here there is no need for an enormous administrative machine by way of tax collecting. Here there is precious little uncertainty as to what the fixed price, which, by the way, will be an adequate price, is going to be and how it is going to be achieved. There is certainly less uncertainty in this section of the bill than there is in the other sections. I do not refer to the mortgage-relief sections which I heartily favor. I refer to the price-fixing sections. It seems to me if we are to undertake price fixing, the Simpson plan, or the Clair plan, or whatever we may call it, the plan in part 3 of the bill has a thousand times more persuasive credentials than the prior section of the bill.

The prior section of the bill appeals to me precisely as some of the prior farm legislative experiments evidently appealed to the present President of the United States when he made his famous Columbus speech last fall, his famous "Alice in Wonderland" speech, from which I recall a sentence in which he sarcastically referred to the fact that Alice had been "peering into the wonderful looking glass of new economies." I think that is exactly what Alice is peering into this afternoon. When she peers into the first section of this bill, she is peering into one of the strangest medleys of mathematics, necromancy, and logarithms of which I know. Nobody knows the definite answer.

Under part 3 of the bill, if we are going to undertake price fixing, here is a clean-cut, straight shot at the target. It hits the target and it wastes no time. It will kill or cure. There is no lost motion. There is no great and burdensome bureaucracy necessary as a by-product. It is simple and direct, and, furthermore, it is calculated to produce a more substantial farm advantage than any other previous section. If the bill is going to pass and if the administration is going to try price fixing, which I frankly say I regret, I am sincerely sorry that part III seems to be here only by sufferance and that, as the able Senator from Alabama [Mr. BANKHEAD] said to me the other day, the Secretary of Agriculture does not believe in it and has not wanted it in the bill and that, therefore, it probably means little or nothing even though it is in the bill. I regret that fact.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. VANDENBERG. Certainly.

Mr. NORRIS. May I suggest to the Senator that while I am not speaking with knowledge, yet in my opinion the statement is not warranted that the Secretary of Agriculture does not want this provision in the bill or is opposed to it. He has not said he wants it, but I do not believe the Secretary of Agriculture is opposed to this particular provision of the bill. He talked quite frankly about it.

Mr. SMITH. Mr. President, did the Senator from Nebraska get any impression from anything said before the committee that the Secretary is opposed to it?

Mr. NORRIS. I did not.

Mr. BANKHEAD. Mr. President, if the Senator from Michigan will yield, I shall be glad to send to the desk and have read a statement which Secretary Wallace has sent to me.

Mr. VANDENBERG. Let it be read, Mr. President.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

COST OF PRODUCTION AND FAIR EXCHANGE VALUE

I find there is much misunderstanding about the meaning of the terms "cost of production" and "fair exchange value" as used in this bill. Cost of production means so many different things to different people. There are some who today say that the cost of producing a bushel of wheat is \$1.50, whereas others say that it is only 40 cents, and perhaps both are right.

The Department of Agriculture in June of 1932 published figures indicating that for the year 1931, the cost of producing a bushel of wheat in the United States was 81 cents. This figure was an average of 2,930 individual farm reports, and, undoubtedly, some of these farmers reported average costs of more than \$2 a bushel, whereas others reported costs of less than 40 cents. The question I would raise is, "Is it fair to take the average cost?" If so, let us project this figure of 81 cents for 1931 into the present situation.

Land values and labor values today are both less than three fourths of what they were in 1931. If the yield this year were the same as in 1931, it is probable that the methods employed by the United States Department of Agriculture would give the cost of producing wheat in 1933 as very little more than 60 cents a bushel.

Figuring the cost of producing cotton in the same way, we get for the year 1933, assuming an average crop, a cost of around 8 cents a pound. In like manner with hogs—if we assume the cost of corn at 20 cents a bushel, man labor at 15 cents an hour, and horse labor at 10 cents an hour—we get a cost per hundred-weight, according to competent authorities, of around \$2.65 a hundred. These figures, as just cited, are cost of production according to the definition as hitherto customarily employed in the Department of Agriculture.

Frankly, I believe that cost of production, when used as a measuring stick under conditions as they exist today, might do a very real injustice to the farmer. Cost of production, in the sense in which it is ordinarily used, is likely to have written into it a terribly deflated land charge, man labor at 15 cents or less per hour, and horse labor based on unfairly low-priced corn, oats, and hay. The cost of producing hogs which I have given above illustrates what I mean. Everyone knows that if the farmer grows the corn which he feeds to his hogs, it is impossible to produce hogs at \$2.65 a hundred. If the farmer buys his corn, however, it may be possible. How can you distinguish between the farmer who grows the corn which he feeds his hogs and the farmer who buys his corn?

Secretary Wallace in 1920, in his book, *Agricultural Prices*, wrote as follows concerning the theory of cost of production and ratio price:

"Those who have given the most thought to price fixing advocate as a guide 'cost of production plus a reasonable profit.' But what is cost of production? Even in industries so well controlled by man as coal mining, where the weather does not enter in, there are some mines that can produce a ton of coal for two or three dollars, while other mines cannot produce a ton of coal for less than six or seven dollars. The North Dakota wheat farmer, in a year of rust, may produce wheat at a cost of 4 or 5 dollars a bushel, whereas the Kansas farmer the same year may produce wheat at a cost of only a dollar or a dollar and a half per bushel. Shall both the Dakota farmer and the Kansas farmer be paid cost of production plus a reasonable profit for their wheat? From this standpoint we see that there is no such thing as a standard cost of production. A single producer may be able to determine his personal cost of production of a given quantity under a given set of conditions. But in the general sense, as it is commonly thought of, cost of production is a will-o'-the-wisp, a creature that seems to exist but really does not.

"Nevertheless, there is a rough-and-ready method of determining cost of production or just price as distinguished from laissez faire or supply-and-demand price. We refer to the ratio method of price determination. Over a long series of years, cost of production plus a reasonable profit is roughly expressed by the relationship which exists between a raw product and the finished product. In rough form it may be most easily grasped in the case of corn and hogs. Over any long period of years, hogs sell on the Chicago market at a price per hundredweight equal to the Chicago price of 11.5 bushels of corn. When hogs have sold for 14 bushels of corn, they have sold for more than cost of production plus a reasonable profit, while, on the other hand, when they have sold for 9 bushels of corn, they have sold for less than cost of production plus a reasonable profit. All this is not saying that certain producers have not been able to make a profit when hogs have sold for 9 bushels of corn. Neither is it saying that certain producers may not have been selling at a loss when hogs sold for as much as 14 bushels of corn. It is simply saying that it has required the pulling power of a price for hogs which is equal to the price of 11.5 bushels of corn to keep enough men in the hog business year in and year out to supply the demand of this country for hog products during the past 60 years. This is what we mean by the ratio method of price determination. It is the only practical method of determining cost of production in such a business as farming, where there are millions of producers working under a variety of conditions."

The ratio price as described by Secretary Wallace is similar in philosophy to "fair exchange value", as described in this bill. The difference is that fair exchange value concerns itself with a ratio between the price of certain basic agricultural products and the price of things which farmers buy. Secretary Wallace said in the statement which I have just quoted, "It has required the pulling power of a price for hogs which is equal to the price of 11.5 bushels of corn to keep enough men in the hog business year in and year out to supply the demand of this country for hog products during the past 60 years."

In like manner, I say that in the long run there must be paid a fair exchange value for farm products in order to result in the production of enough food to keep people from starving to death in this country. I make this statement advisedly, realizing that a whole generation of farmers may produce food for far less than a fair exchange value before they and their children finally give up in despair. We do not wish the answer of brute nature red in claw and fang. To avoid such an outcome, we want to get true cost of production to our farmers as rapidly as conditions will permit. That is the object of this bill. I believe the true "cost of production" is "fair exchange value" as defined in this bill. Frankly, I am afraid of the term "cost of production" as used in part 3 of this bill. It is too elusive; there are too many kinds of cost of production. It would be possible for a Secretary of Agriculture equipped with one set of prejudices to do a grave injustice in this part of the bill to the farmers, whereas another Secretary of Agriculture, with a different set of prejudices, might do a grave injustice to the consumers.

What we want is the conception of a just price which maintains an even balance between producers and consumers. Fair exchange value, as defined in part 2 of this bill, is a mathematical effort to define such just price. I am willing to admit, of course, that the price ratio between the things which farmers sold in the pre-war period and the things which farmers bought may not necessarily represent in all particulars a fair exchange value today. It may be said on the one hand that the use of combines today makes it possible to produce wheat for a somewhat lower price than fair exchange value calculated in this way would indicate. On the other hand, it may be said that the impoverishment of our soil which has taken place may render necessary an increased use of fertilizer which would cause the true fair exchange value to vary in the opposite direction.

These niceties of ratio-price determination cannot be gone into in a time of emergency like this. I believe that the fair exchange value as set forth in this bill approximates very closely to true cost of production and that it is essentially much closer to true cost of production than the figures printed annually by the United States Department of Agriculture. These figures, unfortunately, have written into them the depression in land values and hired farm labor of the year preceding. They have written into them the results of the unbalanced situation which has been with us so long. We are now striving for a state of true balance, and the concept of the fair exchange value will help us to realize that state.

Mr. VANDENBERG. Mr. President, may I inquire of the Senator from Alabama who is the author of this treatise which has just been read? No name was announced at the desk.

Mr. BANKHEAD. It is a statement that has been sent up, written by Secretary Wallace.

Mr. VANDENBERG. This is Secretary Wallace's statement?

Mr. BANKHEAD. Yes, sir.

Mr. VANDENBERG. Mr. President, I say sincerely that I have profound respect for Secretary Wallace and his good faith and his earnest dedication to this perplexing problem, and I am in no position—and it would be absurd to pretend to be—to discuss even the outside rim of the technicalities which he has submitted in this very interesting discussion. But so far as I am concerned the proposition continues to be complicated confusion and nothing else.

Mr. LONG. Mr. President—

Mr. VANDENBERG. I yield to the Senator from Louisiana.

Mr. LONG. What has become of Mordecai in this matter?

Mr. VANDENBERG. Mr. President, Dr. Mordecai Ezekiel is the logarithms expert, and this discussion is a bit broader.

I submit that every reference in the letter just read at the desk to the difficulties and the complications involved in the application in the cost-of-production plan applies even more emphatically to the Wallace-Tugwell-Ezekiel formula, and that just as the cost-of-production formula appears to be inscrutable to the Secretary, so the Secretary and his medley of assistants have sent us a formula which is equally inscrutable to us. No Senator has yet reduced it to comprehensible terms.

Mr. BARKLEY. Mr. President—

Mr. VANDENBERG. I yield to the Senator from Kentucky.

Mr. BARKLEY. Is there not this difference: In the previous sections of the bill there is a definite yardstick by which the Secretary may determine, in the base period of 1909-14, the average price of farm products and their relationship to purchasing power during the same period, and it is a rather simple mathematical process to determine the difference between the average of that period and the actual price brought to the farmer of any products covered in this bill, whereas in the amendment which has been put in the bill by the committee there is no yardstick. There is no period which is regarded as the base period. The cost of production to be arrived at by the Secretary of Agriculture, and thereafter proclaimed, must be a variable yardstick. It must apply to each crop each year, and to all types of each crop each year.

Is there not considerably more difficulty in arriving at an average cost of production, for instance, we will say, of tobacco, where there are some 45 or 50 different types, each of them bringing a different price, each of them depending upon different circumstances for its market, than in fixing a general average over a period of 4 or 5 years, and then using that as the yardstick for future calculations?

Mr. VANDENBERG. Mr. President, the Senator suggests that under the Wallace-Tugwell-Ezekiel formula there is a definite, dependable yardstick. Let us see. I submit to the Senator that this is the definition of his dependable yardstick—and I am now quoting the able chairman of the Senate committee, who described the sales tax which is to be applied to the food and clothing of the Nation under the so-called "dependable" yardstick to which the Senator refers. I am now quoting the able chairman of the committee as he submitted his report, and this is his definition of the tax:

It shall be such a tax as shall raise farm prices to the average parity of farm prices between 1909 and 1914, but the tax shall apply only to that portion of the crop domestically consumed, and it will be so graduated as to find out just what the consumer will take at the advanced price, and just what effect the raise of the price on one commodity may have on something that would be substituted, and what the general consuming public would be able to take at the advanced price.

Is that a fixed and dependable yardstick?

Mr. BARKLEY. Well, it might be; but if we are going to draw an analogy between that and the section now under consideration, we ought to say, "And if anybody buys any of it at less than the average price, he will be put in the penitentiary or fined a thousand dollars."

Mr. NORRIS. Mr. President—

Mr. VANDENBERG. I yield to the Senator.

Mr. NORRIS. I should like to make a suggestion to the Senator from Kentucky. He is complaining about this yardstick's not being dependable. In my judgment, it is much more dependable and will come much nearer applying to any particular circumstances than any other portion of the bill.

Every year there will be an estimate made of the total production of wheat, for instance. Every year there will be an estimate made of the total amount that will be consumed domestically, and every year there will be an estimate made as to what it cost to produce it. Under the other system of your dependable yardstick you might have several years to take into consideration. It seems to me you will come nearer getting down to getting the cost of production at the particular time when the stuff is produced under this amendment than under any other section of the bill.

Mr. BARKLEY. Mr. President, if the Senator will yield further there—

Mr. VANDENBERG. Briefly.

Mr. BARKLEY. The first part of this bill has nothing to do with the cost of production. The average price for the period from 1909 to 1914 takes no account whatever of cost of production. The bill deals with that period as a basis from which to start, and that basis is the average price to the farmer during that 4- or 5-year period—

Mr. SHIPSTEAD. O Mr. President—

Mr. BARKLEY. Calculated in connection with its relative purchasing power during the same period. The question of cost of production does not enter into either one of those equations.

Mr. SMITH. Mr. President—

Mr. VANDENBERG. I think I shall reclaim the floor to conclude briefly these observations that I was submitting. I had no intention of a prolonged discussion of the matter.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. SMITH. Will the Senator allow me to say just one sentence right there?

Mr. VANDENBERG. I yield to the chairman of the committee for one sentence.

Mr. SMITH. The object of the allotment plan is to bring the purchasing power of farm products up to and equal to what it costs the farmer to buy, and that is fixing the price.

Mr. VANDENBERG. Mr. President, I say in conclusion, as I said in the beginning, that it seems to me that if we are to proceed into an adventure in price fixing—which, I repeat, has never persuaded me that it could or would succeed—if we are to proceed into it, I should prefer to proceed frankly under part 3 as submitted and explained by the able Senator from Nebraska, and the reasons are perfectly plain and simple.

The plan at least promises to be more favorable to the farmers in respect to the price to be fixed. The plan is shorn of all needless and costly machinery. It is direct action. It requires no army of inquisitors and tax gatherers and crystal gazers in order to find out what it means and then to administer it. Ultimately it involves no new-born bureaucracy with a lot of cornfield czars in order to make it work. I think it is the simple, direct formula for price fixing, if that is what this Congress is determined to do. I shall vote for a substitute and, I believe, better bill. But I certainly shall vote to keep this cost-of-production section in the present bill, if it is to become the farmer's price-fixing formula. Then, at least, agriculture will be less in need of Einstein to help it thread the maze, and Senators will not require a caucus in order to find the answer to a question or an interpretation.

Mr. LONG. Mr. President, the Senator from Michigan is in error about crystal gazing and various other formulas and theories and methods of arriving at this result. It has been computed by well-defined logarithms. They have been ordered printed in the RECORD; and if the Senator has not read them it is simply because he has not taken the time to acquaint himself with the subject matter.

This document that has just come in here, I understand, came from the Secretary of Agriculture. I think this document ought to be printed. It seems to set up a new form of calculation. In fact, it seems that we are getting a new calculus here every few minutes. They ought to be earmarked as to date and hour and minute, so that we will keep up with them; and in case new ideas flutter through the various and sundry gentlemen who are preparing these ingenious documents we will know from the point of time which we are to take and read first, or to regard as superior.

I want to make a suggestion, Mr. President. It is now getting close to Good Friday. Many of our Senators have expressed, so the Senator from Arkansas has informed us, a desire to go to the ball game. This latest—do I interrupt the Senator from Arkansas?

Mr. ROBINSON of Arkansas. No; I interrupt the Senator from Louisiana. All hope of recessing for a ball game was abandoned yesterday afternoon.

Mr. LONG. "All hope abandon, ye who enter here." [Laughter.]

Mr. ROBINSON of Arkansas. Yes; so far as entertainment is concerned, that is true. We must stay on the job.

Mr. LONG. I am going to stay right with the Senator.

Mr. ROBINSON of Arkansas. I am glad to hear that, because I did not want to have to send out to the ball park to get the Senator. [Laughter.]

Mr. LONG. That goes to show that I am one man whom the Senator from Arkansas wants around at all times. [Laughter.]

Mr. ROBINSON of Arkansas. Yes; the Senator understands that perfectly. [Laughter.]

Mr. LONG. Mr. President, after having read three and a half pages of this epistle, I see that the formula is changed by pages and by paragraphs. I think this document ought to be printed, and that Senators ought to be requested to give it some study before undertaking to proceed too far into this matter. I am told by a Senator sitting near me that it will be printed. That will be of some benefit.

The PRESIDING OFFICER. The Chair is advised that the document has been read into the record.

Mr. LONG. I want to state further, Mr. President, that I am advised by the Library of Congress that they have references and records there explaining in simple terms the mythical processes and logarithms of higher mathematics, so that whatever may have been furnished us for our consideration and illumination can be worked out by Senators upon reasonable application for the records to which I have referred, and I am hoping that Senators, in connection with this and other documents which have come and will come, will avail themselves of the material at hand to acquaint themselves with these logarithms so that they will understand the mysteries of the agricultural question, upon which we are now about ready to act.

Mr. BANKHEAD. Mr. President, in the remarks I am about to make I want to appeal to the reason of those who seriously are interested in the merits or the demerits of the pending bill.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Cutting	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Loneragan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Steiner
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	Overton	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

The PRESIDING OFFICER. Ninety-one Senators having answered to their names, there is a quorum present.

Mr. BANKHEAD. Mr. President, I am opposed to the adoption of the pending amendment. I stated my reasons for opposing it in the committee while the amendment was under consideration there, and reserved the right to oppose it when the bill came before the Senate for action.

I am convinced that the amendment does not and cannot serve any useful purpose, either in the administration of the proposed law or in aiding the financial condition of the farmer. My objection is not based upon any opposition to the farmer receiving the cost of production. I think he should receive more than the cost of production. I do not understand how any business venture can progress if its earnings are equal only to the cost of production. There must, of course, be in addition to the cost of production some

margin for other purposes which are not included in the factors which constitute the cost of production.

It is my understanding that the cost-of-production amendment as proposed here would bring to the farmer a much lower return than would the pre-war parity basis. It developed here, from the statement of the Secretary of Agriculture, that for years the Department of Agriculture has worked upon the problem of ascertaining the costs of production of various agricultural commodities. The formulas prepared for that purpose, the factors which enter into that program, are not those established by the present Secretary of Agriculture. They are the very ones which have been established by the Department of Agriculture, regardless of its political administration, over a period of years; and, under the factors included by the Department, and which will doubtless be included if this amendment is sought to be put into operation, the cotton farmer will get 8 cents a pound for his cotton on cost-of-production basis, the wheat farmer will get 60 cents a bushel for his wheat, the hog man will get only \$2.60 a hundred for his hogs; whereas under the basis established by the pending bill for parity in the purchasing relations between agricultural and industrial commodities the prices of all of the basic commodities in this bill will be higher, much higher, than the figures at which the prices can be placed under the plan limiting it to cost of production.

Unfortunately, many confuse the subject of cost of production with a proper standard of living for the farmer. We are all interested in a higher standard of living for the tillers of the soil. They are entitled to it under all considerations. They work, as we know, around 16 hours a day during a very large part of the year. They work in the sunshine, they work under all sorts of weather and climatic conditions. They take greater risks, of necessity, than any other class of business men in the United States.

The result of their year's work depends in large measure upon the climate. They are affected not only by excessive rains and floods but at times by droughts. They have pests of various kinds to interfere with the result of their labors.

They raise, as we know, the food supply and the products out of which the clothes of all the commercial and industrial people of this country are made, and I say that they are entitled to as high a standard of living as are the people who work in the cities and towns of this country.

Mr. President, when gentlemen talk to me about a mere cost-of-production basis for the farmer being adequate, being sufficient, to give him a standard of living that we would all like to see him have, I submit that I can accept no such formula, no such doctrine, even if that cost of production would bring his price up as high as the pre-war basis provided in this plan.

Mr. President, why incorporate a provision of this sort, which no one can support on any basis of fact that would be helpful to the farmer, that would be better for him now than the other basis, when all of the elements entering into his cost of production are lower than they have been in the recollection of man? With the food for his family, the feed for his stock, the cost of labor, the price of horsepower labor, and all the principal factors entering into the cost of production lower than they have ever been, how can anyone conceive the thought that such a basis will be helpful and beneficial in raising the prices the farmer will receive for his commodities?

I do not care to go into the question of the difficulty and uncertainty in the matter of ascertaining the cost of production. While the cost of producing agricultural commodities of various kinds in different sections of America is one doubtless of extreme difficulty of ascertainment, and while it is much more difficult than ascertaining the cost of production under the tariff law involving articles produced by certain industries, still I can see that it is possible that some reasonable basis might be found for ascertaining the average cost of production of different commodities.

So, not basing my objection upon that administrative difficulty, I do assert, Mr. President, that a program like this left

in the bill will result in a constant agitation throughout the country, a constant pressure upon the Department of Agriculture to give to the farmer a price which he is not authorized to receive under this plan if it shall be a cost-of-production plan rather than a standard-of-living plan.

Mr. President, I am not going into the subject of the constitutionality of this measure. My objections are based upon other and fundamental considerations which are clearly, to my mind, injurious to the best interests both of the administration of the bill and its effect upon the farmers themselves. I prefer merely to make it a matter of record that it does seem to me that there is no grant to Congress to fix prices of commodities, whether we consider the question from the standpoint of those moving in interstate commerce or those which are confined solely within the respective States. I am not going to elaborate upon that, but it is my clear conviction that this amendment clearly contravenes the Federal Constitution, is violative of the fifth amendment, and has no basis of authorization in the Federal Constitution.

Mr. President, this is not a price-fixing bill, as has been said by the Senator from Michigan. It does not fix the price of any commodity, but, on the contrary, simply gives power to the Secretary of Agriculture to raise from time to time as best he may, under prevailing marketing and consuming conditions, the price the farmer may get in the market by way of benefits for his commodities. Instead of being a price-fixing bill it is simply a price-raising bill. There is no minimum price suggested in the bill; there is no maximum price suggested in the bill. There is nothing suggested, except that, so far as possible consistent with the best interests of the consumers and the public at large, farm commodities shall bring a price commensurate with and measured by the exchange value of those commodities for the same amount of commodities produced in industry which the farmer must purchase.

I know the motives of the Senator from Nebraska in this matter are pure; I know he is interested in trying to help the farmer. We have worked together in the committee for 2 years. I am sure that every member of the Committee on Agriculture and Forestry has the same motive, the same purpose, the same anxiety to do everything in his power to aid the financial condition of the farmer. However, let me ask the Senator from Nebraska, in case he has not given it consideration—and I know he wants to give consideration to every angle of this problem—to consider, for instance, cotton. Under this amendment the domestic allotment of cotton for next year will be about 5,000,000 bales, for which the buyer, under the terms of the bill, must pay the cost of production. How will that work out? To begin with, Mr. President, we have a carry-over in America of more than 13,000,000 bales of cotton, almost all of it now resting in the warehouses and compresses of the country, out of the hands, in large part, of the producers. That excess or surplus of cotton is included in the amount that is covered by the domestic-allotment plan. Out of that 13,000,000 bales, plus another crop of 13,000,000 or 14,000,000 bales, only 5,000,000 bales can be sold at the cost of production, without other benefits to the cotton grower, for there are no advantages to him by way of an increased price growing out of other provisions of the bill on that part of the cotton which must be exported. There is no enhancement in price for the rest of the crop by reason of land rentals or reduction in production, thereby decreasing the surplus. There is no advantage by reason of benefits paid under the allotment plan, if it shall be put into operation, but merely a requirement that for 5,000,000 bales of that crop the buyer must pay the cost of production. For the purpose of this argument we will assume that the cost of production is higher than the standard fixed in this bill on a pre-war basis; but whether higher or lower—and if it is not higher it serves no purpose whatever—how much cotton will the cotton farmer sell next year? Not a bale, not a single pound of cotton for American consumption under the cost-of-production plan will he sell, because the cotton-mill people will go to warehouses and get their cotton. They can buy

it from them, I understand, but not from the producer. Certainly the producer will sell no cotton next year.

What about the second year? Mr. President, we have in this country enough cotton for practically 2 years' use, exempt from this proposed cost-of-production limitation upon the buyer. So that for another year, the second year, there would be no advantage of any sort under this plan to the cotton grower.

What about wheat, let me ask you Senators from the wheat section? There is a carry-over of 350,000,000 bushels of wheat; the average domestic consumption is 500,000,000 bushels. That is the quantity for which the buyer would be required to pay the cost of production. Before a wheat grower could sell a bushel of wheat under this plan, the 350,000,000 bushels of wheat in the warehouses, exempt from the plan, must have been bought and consumed, thereby leaving a sale from next year's crop of only 150,000,000 bushels of wheat out of a probable crop of 700,000,000 bushels. So I submit that, while the cost-of-production plan, especially if there could be added to it proper provisions which would elevate the standard of living of the farmer and would give him a good, fair margin—would represent a splendid and ideal theory, and I should like to see it put into execution as much as any man upon this floor of the Senate, yet, from the lights before me, I cannot see how it can operate in any way to the advantage of the farmer, either this year or next year in the case of cotton, and certainly not for this year in the case of wheat.

So, Mr. President, it seems to me that this provision really ought to be left out of the bill. There is the question of the uncertainty about buying commodities. If a prospective purchaser does not know whether the producer has sold his domestic allotment of hogs, for instance, he is always under an uncertainty, under an anxiety, about violating the law. If he buys a hog from his neighbor or from the butcher or in the market place, the buyer has got to take the risk of ascertaining the facts for himself as to anything he buys that is included in this bill as a basic commodity.

If the farmer goes to the cotton buyer with cotton or goes to a cotton mill with cotton, what will the buyer ask? "How much is your domestic allotment for this year? How much have you already sold?" And evidence satisfactory to the buyer upon that subject must be presented. Otherwise the purchaser buys at the risk of a substantial fine. I submit that when Senators talk about the uncertainty as to different grades growing out of changes in the amount of the excise tax, and that little uncertainty constitutes a factor serious enough to take nearly an entire day's time of the Senate, it is infinitesimal compared with the investigation that every buyer of any basic commodity must make in order to be sure when he enters into a contract, such as the Constitution authorizes him to make, that in doing so he is not buying some portion of a farmer's production which is not exempted from the domestic allotment allowed him.

It seems to me it will bring about all sorts of uncertainties, all sorts of confusion in the trade, and will retard trade. A situation of that sort is not helpful; and why create it if it is not necessary in order to raise the price of the farmer as high at least as it can be raised under other provisions of the bill to the price which gives a fair exchange value to the farmer for the things that he must buy? So I submit, Mr. President, in view of these suggestions, that this provision ought to be eliminated from the bill. I have heard of no one who advocates it.

I know that the suggestion of the cost of production is a worthy one. I fully agree with the theory. I know that those who propose it, like myself, want to go further than the cost of production; and if we accept the figures of our Government, if we use the facts within our knowledge about the cost of things that enter into the actual production, we must know that this formula cannot give the farmer what he ought to have. If the application of it does not help him, if the Secretary's construction of the application of it does not help the farmer, then why should we insist upon putting a doubtful provision in the bill which at some time,

in the hands of some unfriendly Secretary of Agriculture, might result, not in advantage to the farmer, but in reduction of the disparity of the purchasing price down to the cost of actual production as is authorized here?

Mr. President, for these reasons, I hope the Senate will not adopt the amendment.

Mr. BARKLEY. Mr. President, we have from time to time during the consideration of the bill dealt in a good deal of "horseplay." We have attempted to ridicule the name bequeathed to a man who happens to hold an official position. We have tried to ridicule the measure out of the Senate because in the province of Almighty God there was handed down from one generation to another a name that someone here does not like. So far as I am concerned, I do not propose to allow my vote as a Member of the Senate to be swayed by any such trivial consideration. I have tried from the beginning of the consideration of the whole farm problem to look upon it and deal with it seriously. I have tried as best I could to picture the causes which have produced the farm situation which calls for legislation. I have tried as best I could to fathom the almost unfathomable problem of how by legislation we could lift the farmer out of the ditch in which he finds himself. We cannot do it by hilarity. We cannot do it by "horseplay." We cannot do it by playing on the name of some man. Neither can we do it by attempting to resort to the criminal law in our efforts to handicap the sale of farm products or to handicap the voluntary exchange of farm products in the markets of the world.

I do not know, and I dare say none of us here knows, whether the bill will solve the problem of the farmer. We considered the McNary-Haugen plan. We did not succeed in getting it enacted into law. We considered the equalization-fee plan, and we could not get that enacted into law. We tried the agricultural stabilization plan under the administration of Mr. Hoover. Notwithstanding the fact that that law operated in some respects beneficially, notwithstanding the fact that the Farm Board in some of its activities, especially in dealing with farm organizations and the encouragement of cooperative agricultural associations, rendered some very large benefit to the farmers of the country, on the whole the plan failed and the farmer was not substantially benefited by it.

I do not know that anybody in the United States is in possession of that amount of wisdom which will enable him to say that he has the last word on the subject of agricultural relief. Certainly I do not possess that wisdom. I know of no Member of this body who possesses it. I know of no Member of the other body of Congress who possesses it. I know of nobody in the United States or any combination of men in the United States who can say beyond peradventure of doubt that they know what may be the real remedy for the farmer's troubles. Therefore I do not know that the bill now under consideration is a solution for the farm problem. I do not understand that it is presented here either by the Secretary of Agriculture or by the President of the United States or by the Chairman of the Committee on Agriculture and Forestry or by the committee as a whole as a solution of the farm problem which can be handed to the farmers without any hesitation and without any doubt as to its workability.

The truth is that when it was sent down here, if it were sent, in its original form from the Department of Agriculture, following a message from the President, he announced that he did not know that it was the last word in agricultural relief, that it was untrodden ground. The ground we have covered has been untrodden ground, except the ground which we have trod in some of our laws which have had a good deal to do with keeping this burden on agriculture, has been trodden over and over again at the behest of certain groups of people in the United States who have always preyed upon agriculture and used the title of "the farmer" as a smoke screen behind which to secure legislative favors of its own in the form of tariff or tax laws enacted by the Congress of the United States.

We need not delude ourselves in the belief that this particular measure is going to do all that its authors or sponsors may hope that it will do, but I am going to vote for it in the belief that it is no worse than any others that have been brought forward in the past by the Senate, and it may be infinitely better, because it does fix responsibility upon somebody to deal in an official capacity with the troubles of agriculture and use the powers that are granted in the bill in an effort to remedy the condition of the farmer. Certainly we can do nothing to make that condition worse, and we may be able to do something that will make it better.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Louisiana?

Mr. BARKLEY. I yield.

Mr. LONG. I notice the Senator mentions in a rather derogatory manner the tariff. This bill extols the tariff feature very much, and finds it necessary in order to aid agriculture that we invoke the tariff. In other words, the Senator will be in line with us tariff people when he votes for the bill.

Mr. BARKLEY. No; I do not think I will be in line with "us tariff people" if the Senator from Louisiana classes himself among "us tariff people." If the Senator from Louisiana classes himself with the Fordneys, the McCumbers, the Smoots, and the Hawleys as being "us tariff people", then I take myself out of that class.

Mr. LONG. The Senator from Louisiana does not class himself with the Smoots, the Hawleys, the Fordneys, and the McCumbers. The Senator from Louisiana classes himself with the Washingtons, the Lincolns, and the Jeffersons on the tariff. [Laughter.]

Mr. BARKLEY. I am sorry I cannot consult them and ascertain their reaction to the last statement of the Senator from Louisiana.

Mr. LONG. It will be no trouble to find how they stood.

Mr. BARKLEY. I do not care to get into a tariff argument with the Senator from Louisiana or anybody else. So far as the tariff provisions of the bill are concerned, they represent merely an effort to put the farmer upon a parity with others who have enjoyed the tariff. That is no justification for the tariffs that have been heaped upon the farmer's back. That is no justification for the policy of iniquity, as I believe, which has worked the undoing of the farmer; but in view of the fact that the tariffs are on his back and that he must submit to them and live under them, then there is nothing unfair or inconsistent in an effort to make the farmer equal to those who have enjoyed them for a century, and that is all the bill undertakes to do. The fact that they are in the bill affords no reason whatever to criticize it or vote against it.

Mr. LONG. I agree with the Senator in all he has said. That is why we people who are raising sugar are entitled to just as much tariff as the man who is raising cotton or wheat. We cannot live without it. We have to trade in and buy on the tariff market.

Mr. BARKLEY. Mr. President, as I was trying to say when interrupted so pleasantly by the Senator from Louisiana—and I welcome all his interruptions and appreciate the Senator's situation, though I do not always approve his reaction to problems; but he and I will not fall out about methods, he will no doubt continue to pursue his and I shall pursue mine.

As I was about to say, unless some Member of the Senate or some Member of the other body of the Congress can offer a better solution for the problems of agriculture, can bring in here in clear understandable English a better bill than the one we have before us now, it does not lie in our mouths to criticize what somebody else has tried to work out. Unless I can in the quietude of my study, as a result of investigation, write a better bill than this and bring it in here and offer it as a substitute, I have no moral right to find fault with and criticize what somebody else has done, or to try to ridicule it out of the Senate of the United States.

We have the farm problem to deal with and we are compelled to deal with it. For years we have been trying to find

a market for farm products. We have been complaining, in the last 3 or 4 years especially, because of artificial trade barriers erected by the nations of the world against international trade, a process which we ourselves inaugurated when we passed the Smoot-Hawley tariff bill in 1929 and thereby set an example for retaliation around the world, thereby set an example for the raising of artificial barriers which have reduced international trade in 3 years by more than 50 percent and reduced world trade last year by more than 24 percent. We must deal, therefore, with the question of surplus products of the farm because our own example and our own legislative processes have destroyed the markets of the world for the American farmer.

During the last 3 or 4 years we have been seeking some way to find a market for the products of the farmer. We have complained that our wheat has been piled up in the granaries, that our corn has been piled up in the corn bins, that our tobacco has been piled up in the tobacco barns and in warehouses, and that all other products of the farm have been frozen because of the inability of the farmer to sell and the inability of the purchaser to buy, and because of their inability to scale the walls of artificial trade restrictions that have been erected between the nations of the world so as to stagnate world business. There never has been and there never will be an era of prosperity, either to the farmer or to the manufacturer or to the laboring man or to the business man, until there has been a resumption of world trade in all of the exchangeable commodities that are produced in the world; yet in this very measure we have a provision that puts another handicap upon sale, that erects another artificial barrier against exchange; and we have gone to the extent of resorting to the criminal law to make it an offense for a man to buy any part of any commodity at a price lower than the Secretary of Agriculture in Washington shall have proclaimed as the cost of producing that product.

What is a basic agricultural product as contemplated in this bill?

Section 11, on page 16, says:

As used in this title, the term "basic agricultural commodity" means wheat, cotton, field corn, hogs, rice, tobacco, and milk.

Keep those basic commodities in mind for just a moment.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. COUZENS. May I suggest that it says more than that. It says "and its products."

Mr. BARKLEY. Yes; any product of the things named.

Mr. COUZENS. That includes butter and numerous other products.

Mr. BARKLEY. Yes; butter, cheese, and it might include canned corn; it might include cigarettes; it might include smoking tobacco and chewing tobacco; it might even include bread, because bread is a product of wheat. There is no limitation to the number of products covered in that definition of "basic agricultural commodity."

In the section under discussion at this time we have this provision. We must read the two together in order to understand the effect:

The Secretary of Agriculture, in addition to the powers granted by parts 2 and 3 of this title, is hereby authorized, with respect to any basic agricultural commodity—

It is with respect to any of these things that I read back in section 11—

to estimate as nearly as practicable and proclaim from time to time—

(1) The percentage of the domestic production of the commodity, including carry-over stocks for market during the next marketing period for the commodity, that will be needed for domestic consumption.

In other words, let us assume that a billion bushels of corn are produced in the United States in 1933. At some indefinite time, and from time to time, the Secretary of Agriculture is authorized to make a proclamation announcing how much of that billion bushels of corn will be consumed in the United States and how much of it, in all probability, will be exported to other countries. He is authorized at the

same time to proclaim the average cost of producing that billion bushels of corn—not a certain price in Kentucky, not another price in Missouri, not another one in Iowa or Minnesota, but an average cost of production for the United States of all the 1,000,000,000 bushels of corn produced in 1933 and the proportion of that billion bushels of corn that will be consumed in the United States.

Let us assume that the Secretary of Agriculture proclaims that 600,000,000 bushels of that corn will be consumed in the United States, and that the average cost of producing that corn has been 20 cents a bushel. Then it will be unlawful for anybody anywhere to buy any portion of that billion bushels of corn for less than 20 cents a bushel. Although the farmer may be willing to sell it for 15 cents a bushel; although his taxes, his debts, his children, his wife may need the amount of money that will be obtained by a sale at 15 cents a bushel; although there may be a mortgage suspended over that farm and there may be foreclosure proceedings to sell it from over his head, yet nobody can buy a single bushel of that corn for 15 cents a bushel without subjecting himself to a penalty of a year in prison or a fine of \$1,000!

Let us take, for instance, tobacco. I have in my hand a pamphlet issued by the Department of Agriculture—Circular No. 249, issued in January 1933, on American Tobacco, Types and Uses and Markets, prepared by Dr. Charles E. Gage, senior marketing specialist in charge of the tobacco section, Bureau of Agricultural Economics. Within the pages of this little pamphlet there are 62 types of tobacco described, all of them grown under separate and different circumstances, all of them produced according to climate and soil, most of them with a different use, most of them with a different market.

It would be utterly impossible for the Secretary of Agriculture or a congregation of Secretaries of Agriculture to proclaim any average price for those 62 types of tobacco that would be fair to any single one of them, because not only are they produced in different sections of the country, in different types of soil, used for different purposes, and sold in different parts of the world, but the price likewise varies as much as the character of the soil or the type of tobacco. So the Secretary of Agriculture could not proclaim a general average as the cost of producing tobacco in the United States that would be a fair average for any particular crop, and I take it for granted that he could not take all 62 types and investigate with sufficient detail to proclaim a fair estimate of the cost of production for all 62 of these types. Yet if he proclaims an average price for all the tobacco grown in the United States, which average might be higher than is ever brought by certain types of tobacco, no farmer in Virginia or Kentucky or North or South Carolina or Ohio or Wisconsin or Pennsylvania or Connecticut could sell a single load of that tobacco at less than the average price proclaimed by the Secretary of Agriculture, because nobody would be willing to undergo the chances of being indicted in a Federal court for buying tobacco at a price lower than the average cost of production fixed by the Secretary of Agriculture.

Mr. ADAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Colorado?

Mr. BARKLEY. I do.

Mr. ADAMS. I should like to have the Senator from Kentucky give us his view of the constitutionality of the provision he is discussing, if it is within the intent of his discussion.

Mr. BARKLEY. I appreciate the compliment paid me by the Senator from Colorado. I do not know that my opinion of its constitutionality would be any more valuable than any other opinion; but, if I have time, I will touch on that phase of the matter before I conclude.

Mr. LOGAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to his colleague?

Mr. BARKLEY. I yield to my colleague.

Mr. LOGAN. I should like to have the Senator or someone tell me what is meant by "cost of production"; that is, what elements would be taken into consideration in determining the cost of production. I cannot understand the argument made by my learned colleague or by the Senator from Alabama [Mr. BANKHEAD], who just preceded him, unless I first know what is meant by "cost of production." Then I can follow the argument much better.

Mr. BARKLEY. I will say to my colleague that I have no formula; and if my colleague heard read from the desk a while ago the statement or letter from the Secretary of Agriculture, he will recall that the Secretary of Agriculture makes the contention that it is impossible for him or anybody else to formulate a formula by which the cost of production of agricultural products can be ascertained to such a nicety as to justify him in proclaiming it as the price below which nobody can sell and nobody can buy the product upon which he proclaims what is the cost of production. I frankly say that I do not know myself how a formula can be arrived at covering all the agricultural products and all the types of any commodity, and the products that are produced from the raw material, that can justify any Secretary of Agriculture in proclaiming any figure as the absolute cost of production to be used in guiding the farmer in selling his commodity, or the purchaser in buying it.

Mr. LOGAN. I think it is absolutely impossible.

Mr. WHEELER. Mr. President—

Mr. BARKLEY. I agree with my colleague. It is so utterly impossible that it seems almost incongruous that when we have been for years trying to find a market for the surplus products of the farmer, now we are going to invoke the criminal law and impose a penalty upon anybody who buys any farm product unless he buys it at or above the price which has been designated by the Secretary of Agriculture as the cost of production.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Montana?

Mr. BARKLEY. I yield to the Senator.

Mr. WHEELER. I will say to the Senator that the Department of Agriculture has for years done the very thing that Senators say is impossible, and the Congress of the United States has been appropriating millions of dollars to enable the Department of Agriculture to do it. The Department has issued statements from time to time saying that the cost of production of wheat is such and such a figure.

My idea about the matter is this, if the Senator will pardon me: I agree that it is an extremely difficult thing to find out what the cost of production is on this piece of land and that piece of land; but the Department from time to time has said what the cost of production is. While I am going to support this bill, I say to the Senator that it is going to be an extremely difficult thing for the Agricultural Department or for any department of the Government of the United States to find out what the base price was between 1909 and 1914, and then to apply that base price to a figure in 1933, because there will be a continual fluctuation between the cost of production of wheat in 1905 and 1914 and 1933 and 1934, and the cost of production of wheat is going to vary from time to time. I frankly say to you, however, that I do not think it would be any more difficult for the Department of Agriculture to find the cost of production than it will be to find these other figures which they propose to make.

Mr. BANKHEAD. Mr. President, may I interrupt the Senator?

Mr. BARKLEY. I yield to the Senator from Alabama.

Mr. BANKHEAD. Was the Senator from Montana here when the statement of the Secretary was read?

Mr. WHEELER. I did not hear the statement.

Mr. BANKHEAD. Did the Senator get the fact that, according to the formula that has been referred to by the Senator, used by the Department of Agriculture, the cost of production of wheat is now 60 cents a bushel, and the cost of production of cotton is 8 cents a pound?

Mr. WHEELER. I did not hear that statement; but let me call attention to this fact: I do not know what formula the Department of Agriculture went on, and I do not know what formula it has taken. I heard the Secretary of Agriculture, or somebody, make the statement before the Agricultural Committee that if we took the cost of production as figured by the Department of Agriculture, it would be lower than the figures of the cost of production of wheat based upon the base price between 1909 and 1914; but on the one hand we are told that we cannot find the cost of production, and on the other hand we are told by the Department of Agriculture what the cost of production is, based upon certain formulas.

Mr. BARKLEY. Mr. President, the Secretary's letter, as I understood it, set forth that there was a variation in the estimation of the cost of producing wheat ranging all the way from 40 cents a bushel to \$1.50 a bushel; and I understood that under certain formulas adopted by the Department of Agriculture, 81 cents had been arrived at as probably a fair average cost of production of wheat.

Mr. BANKHEAD. No, Mr. President; the Senator is mistaken about that. It was 60 cents.

Mr. BARKLEY. He mentioned 81 cents in that connection. Perhaps I got the relationship wrong; but let us assume that the cost of producing wheat in 1932 was 60 cents a bushel. Let us assume that it was 50 cents or 40 cents. We know that the farmers in the wheat fields of Kansas, Iowa, Missouri, and Kentucky sold their wheat for as low as 25 cents a bushel. Let us suppose that the Secretary of Agriculture, operating under this section, had issued a proclamation that out of 800,000,000 bushels of wheat grown in this country 600,000,000 were necessary for domestic consumption, and a farmer loaded his wagon with wheat at the threshing and took his wheat into the market and undertook to sell it for anything less than 40, or 50, or 60 cents—whatever figure may have been proclaimed by the Secretary of Agriculture. Does anybody suppose he would have had a sale for it? Would any wheat buyer buy it with that law staring him in the face, when, if he is taken into a Federal court, the only defense he has is that he did not buy any wheat? Regardless of the circumstances, if he bought the wheat from the farmer at 30 or 35 or 39 cents a bushel, although the farmer was there begging him to buy it because he needed the money, if he bought wheat at less than the price fixed by the Secretary of Agriculture the grand jury would indict him, and we know he would go to the penitentiary or pay a fine of a thousand dollars.

Mr. LOGAN. Mr. President, will my colleague yield to me?

Mr. BARKLEY. I yield.

Mr. LOGAN. I would like to know whether, in considering the cost of production, interest on the investment is to be considered; and if so, whether it is on the value of the farm at the present time or the purchase price of the farm; whether depletion and depreciation are to be considered; whether we are to include the work of the man's family and his own children, men and women and boys and girls. I would like to know how we reach a standard of cost of production. I have seen that statement, as suggested by the Senator from Montana, given out by the Department of Agriculture, but I do not know whether it is correct or not, because I do not know the different units which go to make it up. I am going to vote for the bill, but it is not because I know very much about it but because, as suggested a while ago, I do not know any better plan than has been offered. Therefore I am going to vote for this one.

Mr. BARKLEY. Of course, the Senator will understand that we are considering a section now put into the bill by the committee as an amendment, a section which was not in the original bill. Answering my colleague, I would assume that any fair estimate of the cost of production would take into consideration the value of the land, or its cost, interest on the investment, and the value of the labor of every human being that went into the production of the crop, whether it was the man, or his wife, or his children, because, assuming that their time is valuable—and it is unfair to assume anything else—we would have to estimate the value

of their services to see what would be the cost of hiring similar services in order to produce the crop.

I cannot understand that the Secretary of Agriculture, or anybody else, in estimating the cost of production, would take into consideration the fact that a man owned the land already, that he and his wife and his whole family raised the crop, and did not pay out any money whatever for help; therefore that there was no cost of production. Certainly that would not be a fair criterion by which to proceed. We must first estimate the value of every man's services that went into the production of the crop and all the elements that go into the production of it, the ownership of the land, the taxes, all of which factors complicate the problem when we undertake to arrive at a cost of production for crops which have many different types.

We may assume some farmer in one section or another section of the country who raises his tobacco crop of 10 acres only by the labor of himself and his family. We may assume there was no cash outlay whatever. He might be able to say that the cost of producing that crop was 3 cents a pound. But the Secretary of Agriculture has proclaimed that it takes 10 cents a pound to produce an average crop of tobacco, and I dare say that that man never would find a market for that 10-acre crop of tobacco, because nobody would buy it.

Mr. LOGAN. Suppose a cropper or a tenant of the man, who gets a part of the crop for the cultivation, does not own anything, does not furnish the team, or the hay for old Dobbin, or any of those things; then his part of the cost of production would be one thing and the farmer's part would be another.

Mr. BARKLEY. Yes. We would have to use a different basis in arriving at the cost of production for that sort of a farmer.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. ROBINSON of Arkansas. Different methods have been employed by various agencies for ascertaining cost of production, but practically all methods recognize among other elements the cost of the land, the labor that enters into the preparation of the land, the cultivation of the crop, the harvesting of it, the marketing of it, the cost of the seed, and the cost of the fertilizer, if any be used.

Mr. BARKLEY. The cost of the machinery.

Mr. ROBINSON of Arkansas. Not the cost of the machinery but a reasonable value of the use of the machinery.

Mr. BARKLEY. The cost of it spread out over the term for which it would be useful.

Mr. ROBINSON of Arkansas. Yes. Most methods recognize the tax element as a fair one to be considered in making up the cost of production. Ascertainment of cost of production is more or less a scientific process, and there is general concurrence as to the items which enter into it.

The significant fact, though, with respect to the paragraph of which the Senator is speaking, is that it is easily demonstrable that the cost of production, if adopted as the method of farm relief, under this bill, would result in less benefits than the fair exchange value, for the reason, principally, that costs of production now are at the minimum. While all farm commodity prices are low, all the costs of production are exceedingly low, and the result is that if we ascertain a fair cost of production in accordance with the facts applicable at this time, we get the lowest standard that could be obtained within perhaps the lifetime of anyone who is attending these proceedings.

Mr. President, I doubt very much whether the figures contained in the letter of the Secretary of Agriculture are as low as the facts would warrant. I doubt whether an ascertainment of the cost of production of cotton would show it to be 8 cents a pound, and I am morally sure that the cost of production of wheat would not exceed 60 cents a pound.

When we take into consideration the fact that the cost-of-production benefits apply only to that part of the commodity which is held for domestic consumption—and in

the case of cotton I believe that is about 40 or 45 percent—we will find that the cost of production, if estimated at 8 cents a pound, would net the producer a much lower figure than 8 cents per pound on the whole crop. In other words, we would have to take into consideration the 60 percent or the 55 percent, whichever figure may be correct, in arriving at the amount of benefit which the farmer would actually receive; and, if we proceed on this cost-of-production basis, we will accomplish practically nothing insofar as some of the commodities included in the bill are concerned.

Mr. BARKLEY. Of course, we must keep in mind the difference between the process intended by this section and the process by which the previous section is to be worked out, so far as parity is concerned.

Mr. ROBINSON of Arkansas. Oh, yes; I am not speaking of the fair exchange value; I am speaking now of the cost-of-production plan.

Mr. BARKLEY. The Senator is undoubtedly right, because, if we take the present cost of production as the basis for any proclamation which might be issued by the Secretary of Agriculture, it will be unfair as to all commodities covered in this amendment.

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. WHEELER. Let me say to the Senator that I appreciate very much that this particular part of the bill, part 3, has defects in it, but I hope the Senator will not force me to point out the defects with reference to some of the other phases of the bill.

Mr. BARKLEY. I will say to the Senator that I am not engaged now in a comparison of defects. I am trying to engage in a comparison of benefits. We can find defects in all the legislation we pass here.

Mr. WHEELER. Of course. For instance, I have not the slightest doubt that the leasing plan provided in this bill would not apply to wheat in my section of the country. I do not think there is a chance for it to operate successfully as to wheat in my section of the country.

Mr. BARKLEY. The Senator is referring to the leasing plan?

Mr. WHEELER. Yes. I am extremely doubtful as to whether or not the farmers in my section would get any benefit out of the allotment plan because of the fact that it is so complicated and is going to require so much governmental control.

The wheat farmers in my section of the country have come to the Congress of the United States, through the largest farm organization in the United States, representing more farmers in my section than any and all of the other organizations put together, and they have asked that this plan be put into the bill. It was reported out by the Committee on Agriculture and Forestry. The Secretary of Agriculture would not have to put it into operation unless he wanted to put it into operation. He will not put it into operation on tobacco if it will not work. He will not put it into operation, I assume, on cotton if it will not work.

Mr. BANKHEAD. Mr. President, let me interrupt the Senator there. Does he construe this provision to mean that there is any option about what commodities would be put in under it?

Mr. WHEELER. Without a question of a doubt I think there is.

Mr. BANKHEAD. It does not give any option at all. If it applies to any, it applies to all of them.

Mr. BARKLEY. The language is that the Secretary is authorized to apply this yardstick to any basic agricultural commodity, and the definition of a basic agricultural commodity is set out in the bill.

Mr. WHEELER. Of course.

Mr. BARKLEY. I do not interpret that to mean that the Secretary has to apply it to all of them. He may apply it to any one of them or any number of them.

Mr. WHEELER. That is my understanding, that he can apply it to any one or all of them. The same thing is true

with reference to the leasing plan. He can apply it to one or to all. He can apply the leasing plan, as a matter of fact, to certain territory with reference to wheat, or he can apply the allotment plan with reference to wheat in another section, or he can apply this plan to wheat in another section. Why the Secretary of Agriculture, why any administration, why anybody would want to say that we do not want this in the bill, even though we are not going to make it operate, I cannot understand. The farmers in my section of the country are overwhelmingly in favor of this particular section of the bill. If the tobacco growers did not want it, if the cotton growers did not want it, that, it seems to me, would be up to them.

I want to say this to the Senator: I do not know whether it is constitutional or not, but I have serious doubts as to whether or not the other provision of the bill, with reference to the allotment plan, is constitutional. I have serious doubt in my mind as to whether or not the Department of Agriculture can go out and put a tax upon some of these things which it is proposed it shall put the tax on. But I take the position that I am going to vote for the bill because of the fact that we have been fighting for agriculture here for 10 years, we have offered plans and they have been turned down, and consequently I am perfectly willing to experiment with this bill. But I do think that when the farmers of my section of the country, of the Northwest section, and of the country generally, have spoken as they have spoken, through their recognized organizations, representing more farmers, I repeat, in Montana, North and South Dakota, Minnesota, Iowa, and other sections, than any and all the rest of the farm organizations of the country, they ought to be given some consideration when this bill is being passed through the Congress of the United States.

Mr. BARKLEY. Mr. President, I wish to say that I have great respect for the wheat growers not only of the Senator's State but of the Northwest generally, and I have great respect for any wheat grower. As a boy I was almost reared in a wheat field, and I have done everything in connection with the production of wheat from the fallowing of the soil to the threshing of the wheat, to hauling it to market, to grinding it into flour. I have worked at almost every job that has anything to do with wheat, from the time it is produced until it is consumed. But, without regard to the source of any request for this or any other section of this bill, I feel it my duty, as a legislator, to inquire into its workability and its practicability and its soundness; and to inquire whether, admitting it may be beneficial if put into operation in some sections, it would work an injustice to farmers in other sections of the country who may not have come here en masse, if we include a criminal provision penalizing somebody who bought something from them at a price upon which they might agree.

Mr. WHEELER. Let me say to the Senator that, so far as I am concerned, I think the penal provision under which a man may be sent to the penitentiary or sent to jail should be taken out of the bill.

Mr. BARKLEY. That is the only way that sort of a provision can be enforced.

Mr. WHEELER. Let me say to the Senator, with reference to the allotment plan, that there are provisions in the bill to the effect that the Secretary of Agriculture may make rules and regulations; when he makes such rules and regulations they have the force and effect of law, and an offender can be prosecuted and sent to the penitentiary not only for a violation of the provisions of the law but he can be sent to the penitentiary for 3 years for a conspiracy to violate the rules and regulations made by the Department of Agriculture.

Mr. BARKLEY. The Department of Agriculture cannot go beyond the yardstick set down in the act itself in fixing those regulations, and that yardstick is the average cost not of the products but the average price to the farmer between the years 1909 and 1914—that is easy to ascertain—taken in relationship to the purchasing power of the farmer over the same period with respect to that commodity. All the regulations of the Department revolve around that very thing.

Mr. WHEELER. I beg to differ with the Senator. The Department has the right under this bill to fix the tax so that it can regulate the price at any point the Secretary of Agriculture wants it regulated.

Mr. BARKLEY. But the tax can never be greater than the difference between the average parity price for the 5-year period and the price received by the farmer. It may be less but it cannot be any greater.

Mr. WHEELER. No; it can be greater than that. Let me say to the Senator that under the provisions of this bill, as explained by the chairman of the committee, and if the argument of the Senator from Alabama [Mr. BANKHEAD] is correct, and the statements made before the committee are correct, then if the price of wheat tomorrow should be 50 cents and the Department levied a tax of 44 cents, that would make the parity price 94 cents; but if the next day the price of wheat went up to 60 cents, it would make the price which the people would have to pay \$1.04.

Mr. BARKLEY. At any rate, it would always be regulated by the difference between the price obtained by the farmer today and the average parity price over the period from 1909 to 1914.

Mr. WHEELER. That would depend entirely upon whether one takes the construction placed upon it by the Senator from Alabama or the construction placed upon it by the Senator from South Carolina.

Mr. BARKLEY. I am taking my own construction of it, based upon a reading of the bill itself.

Mr. WHEELER. If the Senator takes that construction and can tell me from reading the bill how the Department of Agriculture is limited in the way it fixes that tax, then he will do better than anyone who has explained it upon the floor of the Senate.

Mr. BARKLEY. I will say to the Senator if there is anything wrong with that provision of the bill, the thing to do is to correct it. I am talking now about the penal provision put in the bill to compel a buyer to pay more than a certain price—a price fixed by the Department of Agriculture—and thereby interfere with the right of contract, the right of sale, by a man who has produced an article and desires to sell it at a certain price that may be less than the price set as the cost of production by the Department of Agriculture. I do not think there is any real relationship between this amendment and the original provisions of the bill with reference to the so-called "allotment plan", because the basis is different.

Mr. WHEELER. The basis is different, but, nevertheless, under the allotment plan the Department can fix the price lower than the cost of production under this bill if it sees fit to do so.

Now, with reference to violations, I do not feel that the law should establish a penalty under which a man may be sent to the penitentiary for a violation of a regulation. Nevertheless, let me call the attention of the Senator to the fact that the Secretary of Agriculture, under the so-called "allotment plan", is permitted to make rules and regulations; we are giving him carte blanche to make rules and regulations. Then let me call attention to the fact that if those rules and regulations are violated, the one violating them can be sent to the penitentiary, and if two men should violate those rules and regulations, those two men can be sent to the penitentiary for conspiracy to violate the rules and regulations laid down by the Department of Agriculture.

Mr. BARKLEY. I realize that if that is a fault, it is a fault that is found in many statutes on the books of the United States.

Mr. WHEELER. That is true.

Mr. BARKLEY. The Bureau of Chemistry, for instance, of the Department of Agriculture, has the right to make rules and regulations with respect to enforcement of the Pure Food Act, any violation of which subjects the violator to a penalty either of fine or imprisonment.

Mr. WHEELER. For that reason, while I do not like the provisions to which the Senator refers that gives the power to send a violator to the penitentiary, nevertheless when we

are giving the Secretary of Agriculture the power to make rules and regulations and then have upon the statute books a conspiracy statute under which, if a man violates those rules and regulations, which have the effect of law, he can be sent to the penitentiary for 3 years, I do not think we should cry so very much because of the fact that there is a penalty in the bill under which a man may be sentenced to jail because he violates another provision.

Mr. BARKLEY. The rules and regulations to be made under the first part of the bill do not affect anybody's right to sell what is his, what he has produced by his own sweat and his own muscle; they are regulations made for the purpose of enabling the Department to carry out the provisions of the act itself, which revolve around the parity price fixed for a period of years as compared to the purchase price. That is the very heart of the allotment plan and the levying of the tax, which represents the difference between the average price for the 5 years and the price obtained by the farmer, if the price obtained now is lower. Of course, if the price obtained now by the farmer is higher than the average price from 1909 to 1914 there is no tax. It is only in such cases where the farmer sells for less than the price of that average period that there is a tax levied by the Government, which is ultimately intended to go to the farmer so that he may obtain a price at least as high as that represented by the 5-year period from 1909 to 1914. All these regulations are for the purpose of enabling the Secretary of Agriculture to carry out the provision with reference to that simple proposition.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. BARKLEY. I am yielding to the Senator from Montana, but I do not want to consume much more time.

Mr. WHEELER. I do not want to take much time, but I do want to call the Senator's attention to the fact that under the allotment plan the Department will make rules and regulations respecting the sale, as to how the farmer shall sell and how the processor shall buy, and if the Secretary makes a rule and that rule of the Department is violated, then the violator can be sent to jail for violation of that rule laid down by the Department, just the same as he can with reference to the violations of the provisions of this proposed law.

Mr. BARKLEY. I doubt that.

Mr. WHEELER. There can be no question of doubt about it to anybody who is familiar with it.

Mr. BARKLEY. Assuming that to be true—

Mr. BANKHEAD. I want to ask the Senator how he figures that out under any plan proposed by the bill?

The PRESIDING OFFICER. One Senator at a time, please.

Mr. REED. Mr. President, will the Senator yield to me for a question?

Mr. BARKLEY. I ask whether I still have the floor?

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. BARKLEY. Let me answer the Senator from Montana first and then I will yield to the Senator from Pennsylvania.

In the first place, as I have said a time or two, the regulations which may be issued and promulgated by the Secretary of Agriculture are based upon the fundamental proposition laid down by the law itself. They do not make any new law; they only emphasize the necessity of going into more detail than the Congress can go into in providing the method by which the law itself shall be carried out. There is nothing in the law that would justify a regulation saying to any farmer who produces corn or hogs or wheat or cotton or tobacco or rice or milk that he cannot sell his product to any buyer at any price upon which the two of them may agree. If that commodity has been sold at a price that may be lower than the average price from 1909 to 1914, then there is a tax levied that is in turn paid back to the farmer in order that he may get the average price of 1909 to 1914. This section, however, makes it a criminal

offense for one party to an agreement to sell or buy any commodity at a price lower than the cost of production fixed by the Secretary of Agriculture.

Now let us take milk; let us assume, for instance—and milk is in this equation—that the Secretary of Agriculture would proclaim that the average cost of producing a gallon of sweet milk is 30 cents. I do not know whether that is correct or not, but we will take that as an example. Under this section any farmer with one cow, who milks that cow every morning, who takes the milk into town and sells it for home consumption for less than 30 cents a gallon would involve the purchaser of that milk in the possibility of indictment and fine and imprisonment for 1 year for buying a gallon of milk at 25 cents a gallon, when the Secretary of Agriculture has proclaimed that the average cost of producing a gallon of milk is 30 cents. I say that will operate as a handicap for the sale of farm products and not enhance the chances of the farmer to dispose of his surplus. Now I yield to the Senator from Pennsylvania.

Mr. REED. If the Senator from Kentucky will yield, and if I may have the attention also of the Senator from Montana, let me say that it seems to me that both Senators who have just spoken have put their finger upon one of the vital defects in this bill. Obviously, the allotment plan cannot work if the only farmers to be restricted in production are those who grew the products last year. It is of no use to arrange a reduction of acreage for those who produced wheat last year if every other farmer is free to go in and plant an unlimited quantity of wheat. So everyone who has thought of that seems to agree that the Secretary must put in force a regulation prohibiting the nonwheat producers of last year from becoming unlimited wheat producers next year, and, as the Senator from Montana has pointed out, a farmer who violates that regulation by planting an acre in wheat may be sent to the penitentiary for a year under this bill.

Mr. BANKHEAD. Mr. President, I should like to have the Senator put his finger on any place in this bill that gives the Secretary of Agriculture any power to prevent a man from planting his own land.

Mr. REED. It is quite obvious.

Mr. BANKHEAD. I do not think there is anything in the bill from which such an inference can be drawn.

Mr. REED. If the Senator takes that position, then he admits in the beginning that the bill cannot succeed.

Mr. BANKHEAD. I do not admit that at all.

Mr. REED. The Senator must admit it.

Mr. BARKLEY. Regardless of any defects that may exist in the so-called "allotment plan", I admit freely that I recognize the possibility of serious defects; I recognize the possibility of its entire collapse, because it is an experiment; we cannot tell in advance how it will work; but I do not think that such defects as exist in the so-called "allotment plan" compare with the unworkability and almost the atrocity of this provision of the amendment which penalizes the man who is willing to buy something that a farmer has to sell.

Mr. REED. Mr. President, will the Senator yield for one more statement from me?

Mr. BARKLEY. I yield.

Mr. REED. I think the Senator is exactly right on that point. This bill would make it a penitentiary offense for the mother of a baby to buy a quart of milk for one cent less than the proclaimed cost of production, although she was frantically anxious to have the milk and although the owner of the milk was frantically anxious to sell it.

Mr. BARKLEY. And thereby the farmer might be required to take it back home and see it sour so that it would be unfit for human consumption because he could not sell it to that mother for one cent less than the proclaimed price of the Department of Agriculture.

Mr. REED. Exactly. Does the Senator believe that the people of this country generally realize that this bill contains such features as that?

Mr. BARKLEY. I do not; as a matter of fact, I did not realize it until the bill had been reported and I had read it.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Minnesota?

Mr. BARKLEY. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. I wish to ask a question to ascertain whether or not I understand the remarks the Senator made some time ago. I may have misunderstood him, but as I understood the Senator he was arguing that one of the purposes of the bill is to raise the price of agricultural products up to the price paid for such products in the period from 1909 to 1914.

Mr. BARKLEY. Yes; that is in the first title of the bill; that is the provision which fixes the period from 1909 to 1914 as the base period for ascertaining the average price of farm products during that period, in order to bring farm products in the future up to a parity, considering not only the average price but the average purchasing power of the crop during the same period. Of course, that is a different proposition from the one we are discussing here with reference to this amendment.

Mr. SHIPSTEAD. I realize that.

Mr. BARKLEY. Of course, the object of the bill, as we all hope and as it unquestionably is, I believe, is to raise the price of farm products up to the pre-war period. If we limit it only to the average price, it might be out of line with the purchasing power, and they are linked up together. The basis for the tax is not the average price of the commodities for the 5 years as compared with the present price; but the word "parity" is used, which means a correlation of that price together with the amount of stuff that price would buy in 1914. Taking the two equations or—to use the language of the Senator from Michigan [Mr. VANDENBERG] quoting from the Assistant Secretary of Agriculture—using those two logarithms, we arrive at what would be a parity between the price of products now and in that 5-year period. But that is entirely different from the proposal here.

Mr. SHIPSTEAD. Yes; I realize that.

Mr. BARKLEY. Here there is an attempt to put it within the power of the Secretary of Agriculture to say what the cost of production of any of these articles is in any year and from time to time. It might be a different cost each year. If anybody buys any of them for less than that cost proclaimed by the Secretary, he incurs liability to a penalty of \$1,000 or a year in prison.

Mr. SHIPSTEAD. If the Senator will indulge me further, I realize this is not involved in the question which the Senator is discussing, but he did make a statement in discussing the provision that led me to believe that he thought the price paid for agricultural products from 1909 to 1914 would have something to do with the price to be fixed now.

Mr. BARKLEY. It has.

Mr. SHIPSTEAD. That has also been said by others, and because of the future interpretation of the law, unless I am in error, I think it very important that we should bear in mind and the RECORD should show that the Congress, in enacting this piece of legislation, did not intend that the price for agricultural products from 1909 to 1914 has anything to do at all with the price that will be fixed under this bill, except as it is used to establish the parity of agricultural products for the purpose of exchange with the dollar of industry during that same period.

Mr. BARKLEY. Standing by themselves the prices for the commodities between 1909 and 1914 have no relation to the object of the bill.

Mr. SHIPSTEAD. That is right.

Mr. BARKLEY. Standing together with the purchasing power of the money derived from those prices in 1914 and linking the two together, it is the very heart of the bill.

Mr. SHIPSTEAD. That is true.

Mr. BARKLEY. Arriving at that parity price to me presents a complicated situation, but there are undoubtedly formulas and scientific bases which aid those who are skilled in that sort of thing in arriving at a parity of price. As a matter of fact, the Department of Agriculture have already figured out for us, who come from the tobacco section of

the country, what the parity of price on different types of tobacco will be based on those two equations. That is one of the objects of the passage of the bill.

Mr. President, I have occupied much more time than I intended.

Mr. CONNALLY. Mr. President, before the Senator concludes, will he yield briefly to me?

Mr. BARKLEY. Very well.

Mr. CONNALLY. The Senator is not complaining about the allotment section?

Mr. BARKLEY. No.

Mr. CONNALLY. But he is objecting, and he raises the fundamental question that here is a man who produces something and wants to sell it, but the Government says he cannot sell it.

Mr. BARKLEY. That is the objection I have to it, and my contention is that we cannot raise the prices of agricultural products or any other product by making it a penalty for a man to buy them.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Louisiana?

Mr. BARKLEY. I yield.

Mr. LONG. I thought I understood the provisions of the bill a great deal better than it seems that I do really understand them. Let me cite a case to the Senator from Kentucky. A woman grinds up a little sausage; a hog is killed and she takes a little sausage mill and grinds up a little sausage. Of course, that is "processing" under the bill, as I understand it. If she went to sell that sausage, she clearly would come within the provisions of the bill, whether the amendment is left in it or not, would she not? She would have to have a permit to sell the sausage and come under the provisions of the bill in order that she might get a fair price.

Mr. BARKLEY. No; I do not think so; but I would like to have the Senator from South Carolina [Mr. SMITH] answer that question. If I have a hog and kill that hog and take a little strip or two and grind it up into sausage and take that sausage to a grocer and sell it, I do not think I have to pay a tax on it.

Mr. LONG. That is the way I interpreted the bill. I think that the Senator has processed the hog when he kills him, he has processed the hog when he grinds him up, and he has processed the hog when he packs up the sausage.

Mr. BARKLEY. Of course, if we have to process him every time we touch him, we will soon process him out of existence. [Laughter.]

Mr. LONG. That is what I am afraid of. We are going to process him to the point where we cannot eat him. Processing is defined in the bill, of course.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. BARKLEY. Certainly.

Mr. ROBINSON of Arkansas. It is my impression that there is a provision in the bill which requires that a tax shall be levied on the first processing and shall not be levied on any subsequent processing.

Mr. BARKLEY. On page 19, subsection (b) it is provided:

The Secretary of Agriculture may provide by regulations for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

I do not think the sausage mill would bear a tax.

Mr. LONG. Here it is on page 13. There is a definition at the top of page 13 as follows:

In the case of hogs, the term "processing" means the slaughter of hogs for market.

Mr. ROBINSON of Arkansas. And there is only one tax levied.

Mr. LONG. That is the tax about which I am talking. If there were such a thing done as a pig killed, then the woman who kills the pig comes under the terms of the bill. Whether we leave this provision in about which the Senator

is talking or not, it is still going to mean there is authority in the Secretary of Agriculture to issue rules and regulations to carry out the provisions of the bill.

Mr. BARKLEY. The rules and regulations he would issue, under that section, are rules and regulations exempting from the tax the processing referred to in subsection (b) on page 19.

Mr. LONG. Not necessarily only those exemptions. He can issue whatever rules and regulations are necessary.

Mr. BARKLEY. If he is exempted by the terms of the bill, it would really need no further rule or regulation to exempt him again.

But coming back to the point I am discussing, if the woman killed her hog and ground some of it into sausage and carried that sausage to a grocer and sold it to the grocer for home consumption at a price lower than the average cost proclaimed by the Secretary of Agriculture, that grocer would be subject to imprisonment in the penitentiary or to a fine of \$1,000. I submit that no grocer would buy sausage under those circumstances.

Mr. LONG. I understand, but the point I am worrying about is this: We have a provision that competing agricultural products will be subject to the provisions of the bill. We will finally get up to where potatoes will compete with rice. Then the peeling of potatoes will be processing.

Mr. BARKLEY. It might be by a professional potato peeler, but not by the grower of potatoes.

Mr. LONG. I do not know who a professional potato peeler would be.

Mr. BARKLEY. I suppose it might be in an institution that engages in peeling potatoes.

Mr. LONG. Then we will get to peanuts—

Mr. BARKLEY. Peanuts will be brought up later by the Senator from Virginia, and I do not want to get into that subject now.

Mr. LONG. Then the cracking of the hull on a peanut will be processing.

Mr. BARKLEY. Let us wait until we get to that subject at a later time.

Mr. FESS. Mr. President, will the Senator yield?

Mr. BARKLEY. I have taken much more time than I intended because of interruptions. I want to quit, but I will yield to the Senator from Ohio.

Mr. FESS. My question is in a serious vein.

Mr. BARKLEY. I am glad to have one in that vein.

Mr. FESS. The Senator mentioned the case of a farmer making sausage. His butchering was for himself, but he sold his sausage. Would not that under the bill classify as processing, because it would be the product of the hog? Although the bill says processing in reference to hogs is the slaughtering for market, but in this case would not this be for the market?

Mr. BARKLEY. I doubt whether it would be within the meaning of this language. Of course, we cannot be technical about the use of the term "first process", or first actual operation, which might mean the shooting of the hog or knocking him in the head with an ax or dipping him in scalding water in order to scrape the hair off. I do not think all these different steps in preparing the hog for marketing constitute processing within the meaning of the bill or would require a tax. I think the way a farmer might treat a hog, whether it was made into sausage or cut into hams and shoulders and various sections of the hog in a manner which might be desirable by the consumer, would be such a processing as would require a tax.

Mr. BANKHEAD. Mr. President, for information on this point let me say that the question was fully considered in the committee as to the effect upon local killing of hogs and marketing them. The Senator from Nebraska and I, in this connection, worked out and there will be found in section 9 this provision:

The Secretary of Agriculture may provide by regulations for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

That is intended to give the administration power to make regulations to take care of these small things growing out of the killing of hogs by the raiser of the hogs.

Mr. NORRIS. Mr. President, I was about to invite the attention of the Senator from Ohio [Mr. FESS] to what the Senator from Alabama [Mr. BANKHEAD] has just read. I think that covers the point. I want to offer a similar amendment to the particular committee amendment that is pending which I think will clarify and meet the objections that have been made by several Senators.

Mr. FESS. Mr. President, before the Senator offers his amendment let me say that I am not yet clear about it, but the bill is intended to exempt the farmer who butchers for himself.

Mr. NORRIS. Yes.

Mr. FESS. Or for some neighbor.

Mr. NORRIS. Yes.

Mr. FESS. The question with me was that the bill takes in the term "product." Sausage would be a product of the hog. Would a farmer who is making sausage to sell at the store be exempted?

Mr. NORRIS. I think the provision authorizing exemptions under regulations to be issued by the Secretary will meet that situation.

Mr. SMITH. Mr. President, if the Senator from Nebraska will allow me—

Mr. NORRIS. Certainly.

Mr. SMITH. There was no particular language limiting the home-consumption idea. After the committee had considered it at length, they agreed that wherever a farmer processed his product himself he should not be limited, or where he got someone to process it for him. To illustrate, a farmer carrying his corn to the gristmill and having it converted into meal would not pay a tax; neither would there be a license required by the mill that processed it for his consumption. That was not in the first bill; the Senator from Nebraska brought it up. They finally agreed upon this language—I think the Senator from Nebraska drew this wording—

The Secretary of Agriculture may provide by regulations for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

I admit that it is pretty broad, but it is in the bill.

Mr. NORRIS. That is all within the regulations.

Mr. SMITH. Yes; that is all within the regulations.

Mr. NORRIS. Of course, the Secretary could provide that it should not apply to a man who owned a million hogs, or a thousand hogs, and processed them.

Mr. BARKLEY. Mr. President, does the Senator from Nebraska want to present an amendment?

Mr. NORRIS. I want to offer an amendment when the Senator from Kentucky has finished.

Mr. BARKLEY. I have said all that I care to say about this amendment. As I have already said, I think it will operate to retard the sale of farm products. I think it will operate to create undue fear on the part of the purchasers of farm products, and will work a real hardship to the farmers. For that reason I shall vote for its rejection, and I hope the Senate will not agree to it.

Mr. NORRIS. Mr. President, I desire to offer an amendment similar to the one that appears in this part of the bill. My own idea was that that amendment would apply here.

Of course, there is not anybody on the committee or elsewhere, in my judgment, who wants to make this bill ridiculous. We do not want to get a ridiculous proposition into the law. If a farmer makes some sausage and takes it to town and sells it, nobody wants to compel him to take out a license or to pay a tax. That would make the bill ridiculous. It is not conceived that the bill is going to be administered by anybody who is insane but that the administrator of the bill is in good faith going to try to carry out the real purpose and intention of it.

In the case of the particular amendment that is pending—the committee amendment known as "Part 3", headed "Cost of production"—objections have been made; and I concede that many of these objections would be valid if the idea were to be carried clear down to the point to which it has been carried in the discussion.

For instance, the Senator from Kentucky said yesterday that under this provision, if one farmer sold another one a plug of tobacco, he would have to take out a license. Nobody wants to do that. That would make the bill ridiculous. Nobody wants such a tax; and in order to avoid any possibility of any such ridiculous thing being done, I desire to offer an amendment, on page 26, after line 3, to the part of section 20 which provides for the issuing of the proclamation by the Secretary of Agriculture putting any basic farm product that he wants to under this particular title. I offer this amendment:

Provided, That the Secretary of Agriculture, in his proclamation, may make such limitations and exceptions as to sales of the basic product as he may deem advisable in order to properly carry out the provisions of this section.

I do not think there will be any possible objection to that amendment.

Mr. BARKLEY. Where does that come in?

Mr. NORRIS. That comes in on page 26, after line 3.

Mr. BARKLEY. While I am on my feet I will say to the Senator that I do not think there is any objection to that, but I do not think it cures the fundamental difficulty.

Mr. NORRIS. If it does not, let us get an amendment that will.

Mr. President, all that I am trying to do is this: Whether Senators favor this amendment or not is up to them, of course. They must decide that. I shall not find any fault no matter what the decision may be; but in good faith all of us, whether we favor the amendment or not, if we are going to have it, ought to get it in workable shape if possible; and, to my mind, many of the provisions of this bill never can be worked out by writing a statute in advance that will meet all the thousands of conditions that may arise.

Mr. SMITH. Mr. President, will the Senator read his proposed amendment again?

Mr. NORRIS. It reads as follows:

Provided, That the Secretary of Agriculture, in his proclamation, may make such limitations and exceptions as to sales of the basic product as he may deem advisable in order to properly carry out the provisions of this section.

If that is not broad enough, I should like to make it broader. I should not like, however, to put in an amendment here that would say that the Secretary may make an exception as to sausage, or he may make an exception as to this or that, because when he comes to administer the law he will find that he will be up against all kinds of little, petty, technical, and perhaps well-founded objections to a general law or a general statute, and he will have to make them. I think, under that provision, he could exempt anything he wanted to.

Mr. BARKLEY. Of course, he can do that by never issuing a proclamation at all on anything.

Mr. NORRIS. Oh, yes; he does not have to issue a proclamation. He does not have to put this part of the bill into effect at all. I should like to get it in such shape, however, that if, after administering this law, he thinks it is wise to try this provision, he will be able to do it, and do it in a sensible, workmanlike way.

The PRESIDING OFFICER. Will the Senator please send his amendment to the desk?

Mr. NORRIS. Yes.

Mr. LONG. Mr. President—

Mr. NORRIS. Does the Senator from Louisiana oppose the amendment?

Mr. LONG. No sir; I do not even know what the amendment is.

Mr. NORRIS. If there is no opposition to the amendment, I should like to have it acted upon.

Mr. LONG. I simply wanted to ask whether amendments can be offered at this time.

The PRESIDING OFFICER. The committee amendment is open to amendment.

Mr. NORRIS. I am going to offer another one right after this.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Nebraska.

The LEGISLATIVE CLERK. The Senator from Nebraska proposes, on page 26, line 3, after the word "Agriculture", to insert:

Provided, That the Secretary of Agriculture, in his proclamation, may make such exceptions and limitations as to sales of the basic product as he may deem advisable in order to properly carry out the provisions of this section.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. NORRIS. Mr. President, I desire to offer another amendment, near the same provision, if I can retain the floor and do that.

A great deal of criticism has been made about the severity of the penalty. As I said before, I do not think any member of the committee desires to have any penalty that is unreasonably severe. It should be just as lenient as possible and still have enough effect and force so that the Secretary can properly enforce the law.

This penalty as written in the amendment is:

Any person violating the provisions of subsection (b)—

That is the one to which this amendment is offered—

Any person violating the provisions of subsection (b) shall, upon conviction thereof, be subject to a fine of not more than \$1,000, or imprisonment for not more than 1 year, or both, for each such violation.

On page 26, after the numerals "\$1,000", in line 6, I move to strike out the words "or imprisonment for not more than 1 year, or both, for each such violation", so that if the amendment is agreed to the penalty provided will be this: shall, upon conviction thereof, be subject to a fine of not more than \$1,000.

It might be 1 cent and all the way up to \$1,000.

Mr. FRAZIER. Mr. President, I desire to ask the Senator from Nebraska if the last clause, "for each such violation", should not be left in the bill?

Mr. NORRIS. I think it should. I thank the Senator for that suggestion.

The PRESIDING OFFICER. Will the Senator state his amendment as modified?

Mr. NORRIS. I correct it, Mr. President. I struck out a little too much, and I am glad the Senator from North Dakota called my attention to it.

On page 26, line 6, after the numerals "\$1,000", I move to strike out "or imprisonment for not more than 1 year, or both."

If the amendment is agreed to, the paragraph will then read as follows:

Any person violating the provisions of subsection (b) shall, upon conviction thereof, be subject to a fine of not more than \$1,000 for each such violation.

Mr. MCGILL. Mr. President—

Mr. NORRIS. I yield to the Senator from Kansas.

Mr. MCGILL. Just a moment. The way the Senator has drawn his amendment it would still leave the language so that failure to comply literally with the statute would constitute a criminal offense.

I am wondering if the Senator would not be willing to draft his amendment so as to strike out the words "upon conviction thereof" and the word "fine" and insert the word "penalty" instead of the word "fine" and leave the amount \$1,000—

Mr. NORRIS. I have no objection to that. I think that would be sufficiently severe to bring about the enforcement of the act.

Mr. MCGILL. And provide that it may be collected by appropriate action brought in the name of the Secretary of Agriculture.

Mr. NORRIS. If the Senator has that proposition in writing, I should be glad to have it submitted.

Mr. MCGILL. I have just drafted an amendment to that effect.

Mr. NORRIS. All right; I withdraw my amendment, and I am willing to accept that language. I think probably that is an improvement.

The PRESIDING OFFICER. If the Senator from Kansas will send forward his amendment, it will be stated by the clerk.

The LEGISLATIVE CLERK. The Senator from Kansas [Mr. MCGILL] proposes the following modification of the amendment of the Senator from Nebraska:

On page 26, line 5, after the comma following the word "shall", strike out the words "upon conviction thereof", including the comma following the word "thereof."

In the same line, after the word "a", strike out the word "fine" and insert in lieu thereof the word "penalty."

And in line 6, beginning with the word "or", strike out the remainder of the paragraph and insert the following:

"Which may be collected by appropriate action in a court of competent jurisdiction, brought in the name of the Secretary of Agriculture."

Mr. NORRIS. That is all right.

Mr. SMITH. Mr. President, now may the clerk read the paragraph as proposed to be amended?

The PRESIDING OFFICER. The clerk will read the paragraph as proposed to be amended. The Chair understands that the Senator from Nebraska accepts the suggestion of the Senator from Kansas.

Mr. NORRIS. Mr. President, I can read it. It would read like this, as I understand the amendment:

Any person violating the provisions of subsection (b) shall be subject to a penalty of not more than \$1,000 for each such violation—

And then follows the Senator's language, "to be collected in a suit by the Secretary of Agriculture" in substance. Is that right?

Mr. MCGILL. That is correct. That is my thought about the matter.

Mr. BARKLEY. Mr. President, I understand that under that language, then, if a man took 10 bushels of wheat into town and sold it for 30 cents a bushel, when the Secretary of Agriculture had proclaimed that it cost 31 cents, it would be possible to bring a suit for the 10 cents in a court of competent jurisdiction in the name of the Secretary of Agriculture.

Mr. MCGILL. It would be competent to bring a suit for \$1,000 in the name of the Secretary of Agriculture.

Mr. BARKLEY. I suppose he could bring a suit for a thousand dollars; but if it revolved around a transaction of only 10 bushels of wheat, does the Senator think that any court would render judgment against an innocent purchaser of that wheat when the farmer wanted to sell it to him?

Mr. NORRIS. Mr. President, if I still have the floor, I should like to answer the question of the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Nebraska has the floor.

Mr. NORRIS. If we are going to enact a law that is effective, there must be a penalty or a fine of some kind to enforce it. I do not know any other way to do it. This particular provision undertakes to do it, if the amendment is agreed to, by assessing a penalty upon the purchaser. That purchaser is going to be licensed by the Secretary of Agriculture.

Mr. BARKLEY. Not under this section.

Mr. NORRIS. I think so.

Mr. BARKLEY. No.

Mr. NORRIS. I have no doubt but that he will be licensed. I will admit, however, for the sake of the argument, that he will not be licensed.

Mr. BARKLEY. The fact is that if any person buys any portion of that which is estimated to be—

Mr. NORRIS. Not any person who buys; the penalty is on the purchaser. If we are going to enforce this law, we must punish the purchaser who does not comply with the law. There is no vengeance intended. Nobody wants to injure the purchaser. But there is no escape from it. If we are going to take the cost of production and compel the

purchaser—who I think would be licensed, but whether he is or not—to pay the fixed price for the part of the product that is consumed at home, we must provide a penalty for violation of the law.

Mr. SMITH. Mr. President, will the Senator allow me to call attention to the fact that the same condition exists under the allotment plan, for this reason: Whenever the tax is laid upon any commodity, the individual who sells is not liable, nor is the first purchaser liable, but the processor who accepts that product at any less than the parity price fixed is subject to penalty.

Mr. NORRIS. Exactly.

Mr. SMITH. It is just a little further removed, but is inevitable and inflexible.

Mr. NORRIS. If we are to succeed in increasing the price the farmer gets for one of the basic commodities which is to be named in the proclamation, there must be some penalty for a violation.

Mr. BANKHEAD. Mr. President, will the Senator yield to me at that point, for I think there must be some misunderstanding about that matter?

Mr. NORRIS. I yield.

Mr. BANKHEAD. If the other Senators are right, I am clearly wrong.

I understood the Senator from South Carolina to say, and the Senator from Nebraska to agree with him, that under the allotment plan if a processor pays less than a fixed price he violates the law. My understanding is that there is no restriction upon the processor as to the price he pays. He pays the world price. The application of the allotment plan is that the producer gets a certificate payable from the Treasury in the fall when he harvests his crop, and of course there is no limitation upon the processor, as I understand it. The Government collects the amount from the processor to pay the allotment fee.

Mr. NORRIS. Very well. What difference does it make? In that case the Government collects the processing tax, and if the man does not pay it he is penalized.

Mr. BANKHEAD. He has to pay the tax, of course.

Mr. NORRIS. That is the same everywhere. There must be some provision in the proposed law under which the people who disobey it will be penalized. It may be perfectly arbitrary. It seems to me that it does in some respects become arbitrary. But I do not know how there can be any escape from it. There must be a penalty.

Mr. REED. Mr. President, will the Senator yield?

Mr. NORRIS. Just let me talk a little. There is no inhibition against a man paying more than the tax if he wants to. If the price of wheat goes up above the basic cost-of-production price fixed by the Secretary of Agriculture, anybody can pay it if he wants to; there is no question about that. It can go as high as a man wants to pay for it. But he is required to pay as much as the basic price fixed by the Secretary of Agriculture.

How are we to provide that the farmer shall receive a price equal to the cost of production? We all talk about it; we all say yes, we want him to have the cost of production; but we are opposed to any law that will give it to him.

Suppose we passed a law and said, "The basic price will be that fixed by the Secretary of Agriculture, but nobody on earth need pay any attention to it if he does not want to." Immediately the world price would control, as it does now.

What is the good of a law? That is one of the things we want to decide. If we think it is wrong to fix the price, of course we do not want the law; but if it is right, how silly we would be to say that it can be disregarded with impunity. If the Secretary of Agriculture fixes the cost price, puts it in his proclamation, with such limitations and exceptions as he wants to put in, and then a purchaser does not pay that price, he ought to be penalized. He does not need to buy if he does not want to, he need not be a purchaser if he does not want to; but if he is in the business of buying, he is required, under the proposed law, to pay at least the cost-of-production price to the producer for that part of his product which the Secretary of Agriculture says is going to be consumed in the United States.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. NORRIS. I was first interrupted by the Senator from Pennsylvania, and I yield to him.

Mr. REED. Mr. President, I wanted to ask the Senator this question: Obviously by putting the penalty upon the purchaser we pass a law which may be violated by a hundred percent of the population of the United States, many of whom are extremely unlikely to have actual knowledge of the proclaimed cost of production. The seller is the person who gets all of the benefit from the law, and the sellers constitute only about 40 percent of the population. Why not put the penalty on the person who sells for less than the proclaimed price, instead of on the person who buys the article?

Mr. NORRIS. Very well; perhaps that is the way to handle it. If the Senator thinks that is the way to do it, let him offer an amendment and see how we will vote on it. I am opposed to it myself. That would bring in a lot of complications which we avoid by this provision. I think this is much simpler.

As far as anybody not knowing what the law is is concerned, in the first place, if we want to be technical, the Senator could have his attention called to the fact that ignorance of the law excuses no one. In the next place, there will be no ignorance of the law. When the proclamation is issued applying to wheat, for instance, there will not be a dealer or producer of wheat anywhere in the United States who will not know about it within 5 hours after the proclamation is issued.

Mr. REED. Mr. President, will the Senator yield again?

Mr. NORRIS. I yield.

Mr. REED. I am not going to offer the amendment until I have received the advice of the Senator about the justice of my suggestion. I was speaking of actual knowledge on the part of the population and not that knowledge which the law presumes. The law presumes that every poor mother in the slums knows the proclaimed cost of production of milk, probably stated in terms of so many cents per hundred pounds. But will the Senator tell me how in the world some poor mother in the slums, who buys a quart of milk at a cost which figures out a cent or a fraction of a cent less than the proclaimed cost, is going to have actual knowledge of it?

Mr. NORRIS. If I were Secretary of Agriculture, it would be a very simple thing. I would not issue any proclamation putting milk or any of its products under the provisions of this proposed law.

Mr. REED. Then why does not the Senator offer an amendment to exempt them?

Mr. NORRIS. The Senator is anticipating me. I have already voted for such an amendment. I voted in the committee to strike that provision out. I will vote here to strike it out. But I will vote for the bill even if it is not stricken out.

Mr. SMITH and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. Let me answer the Senator from Pennsylvania a little further.

In the next place, the attempt is, it seems to me, by these questions, by these technical suggestions, to defeat a bill whose aim is to give to the farmers of the country the cost of production of their products. There is an electric-light corporation in the city of Washington, there are railroads all over the country, and we have practically been legislating for years for all public-utility corporations, to give them cost of production, to give them a profit. In a gas case which came from Baltimore, almost within sight of this Capitol, the Supreme Court set aside a finding of a commission over in Maryland because they found they did not allow the corporation 8 percent profit on the value of their gas concern. Now we are called on here to legislate to give to the farmer just the cost of production, and all kinds of questions are submitted, and impossible conditions, which, under regulations we have a right to assume will be intelligent and fair, to be issued by the Secretary of Agriculture, never will

arise, never in God's kingdom. But we are trying to build them up here to find some technical reason how it is possible some time, some place, by somebody, in some way, somewhere, to get a technical case that is going to be impossible to administer.

I believe that if the Secretary of Agriculture applied this law to all the basic products mentioned in the bill, in many of the cases it would fail, because I honestly think it would be impossible to administer it. I am assuming that the Secretary of Agriculture is going to act in good faith.

I yield now to the Senator from South Carolina.

Mr. SMITH. Mr. President, I just wanted to ask a question of the Senator. If all of us are agreed that agricultural products are now notoriously below the cost of production, how did we find it out? How do we find out that they are below the cost of production if we have not the ability to find out the cost of production? That is one of the problems before us now. We all admit that the prices are below the cost of production. How much? How far? How do we arrive at that? How do we know it?

If it be true that we all know that the prices are below the cost of production, why can we not find out what is the cost of production? I should like to hear someone explain that. It is common knowledge among us all, so we say, that the prices are below the cost of production. Now, we say, let us bring them up to the cost of production. It is said, "You cannot do that. You do not know anything about that."

How do we know, then, even now, that the prices are below the cost of production? The farmers are so prosperous they are paying off all their mortgages, they are in the lap of luxury. Why should we disturb them? The absurd proposition we have here is that we cannot figure the cost of production, and at the same time all of us declare that the farmers are being ruined because everything is selling for a price below the cost of production.

Mr. BARKLEY. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. BARKLEY. The penalty provided applies whether it is in the nature of a criminal penalty, a fine or imprisonment, or a penalty to be imposed by a civil process. It applies to the purchaser as well as to the producer. It does not follow the commodity any further.

I want to submit this question to the Senator. We will say that the world price of wheat is 40 cents a bushel. The Secretary of Agriculture has issued a proclamation that the cost of producing American wheat is 50 cents a bushel. I come to the Senator to sell my wheat to him, and he is compelled to pay me 50 cents a bushel under this amendment. After he gets the wheat, what is going to happen to it? There is no penalty against the second purchaser of that wheat, there is no way we can compel anybody else to take it off his hands at above the market price, which, for all practical purposes, is the world price. Is the Senator expected, under this provision, just to hold that wheat? Is he expected to sell it for less than he paid me for it? What is going to happen to the second price after it has been purchased from the producer?

Mr. NORRIS. If I understand the Senator—and I am doubtful whether I do—he assumes that I am a purchaser of the wheat he produces, and I pay at least the price fixed by the Secretary of Agriculture as the cost of production. He asks me what I am going to do with it. Is that the question?

Mr. BARKLEY. Yes; I mean how can you compel the second purchaser who may want to take it from you to pay you what you have paid me, which is 10 cents above the world price?

Mr. NORRIS. All right; it cannot be done; but the second purchaser is going to buy that wheat; I will not sell it for less than it costs, and I will ask him for something in addition. Every other purchaser and dealer in wheat all over the United States will have to do the same thing; he will have to pay an increased price. If he sells it to the miller he will have to pay an increased price. In other

words, as far as that is concerned, there will be no change from present conditions. The elevator man buys the wheat and pays a dollar a bushel for it, let us say, and the world market for wheat is only 50 cents a bushel, but he pays a dollar. Is he going to sell that to the mill for less than a dollar? He can if he wants to. If he can get a dollar a bushel he may get it; he is under no restriction, under no restraint, under no law to act any differently in regard to that wheat than he now does.

Mr. BARKLEY. But suppose the millers have a supply on hand sufficient to last, we will say, for 6 months or a year; or, in the case of cotton, suppose there is enough cotton to last 2 years, does the Senator believe that this provision will work out so as to bring any sort of pressure on the purchaser of cotton or of wheat beyond the first purchaser to compel him to pay more than the market price for it?

Mr. NORRIS. If there was a supply of cotton to last 2 or 3 years, perhaps it would not work at all. If I were the Secretary of Agriculture, I would not try to employ it in the case of cotton, if that is the condition. What would happen? Why the man would not buy it. If I were a producer of wheat and the Senator had to pay me a certain price, and he thought he could not resell it for that much, he would not buy it.

Mr. BARKLEY. And if the buyer knew in advance that he could not resell the wheat at the price he paid, why would he buy it?

Mr. NORRIS. He would not.

Mr. BARKLEY. Then there cannot be any sale for it; that is the very point.

Mr. NORRIS. No one would have to buy it.

Mr. BARKLEY. I suppose it would pile up in the field and not be sold to anybody.

Mr. NORRIS. A price would be fixed, and no purchaser in the United States could buy wheat unless he paid that price. Unless somebody did buy it, there would not be a mill in operation; there would not be any wheat ground. If we are going to have that kind of condition, it will take a proclamation of God Almighty to enforce it.

Mr. BARKLEY. I am not so sure but that it would take more than that.

Mr. NORRIS. The truth is, if there is not a demand for wheat or for cotton, it will never be sold; it will not be sold now. This proposal does not change the law of supply and demand; it does not make any change in it.

The Senator assumes that if we raise the price of wheat to give the farmer, whom we all love with such ardent fervor, the cost of production of the food we eat, if we do such a radical thing as that, nobody will buy it. If they do not buy it, they will not eat bread. Suppose, instead of this happening, and a price being fixed by the Government, that God took a hand and only allowed the farmers to produce one third of the crop of wheat they now produce, would it be said, "Why, God has interfered; he has raised the price of wheat; we will not buy it; we will not use it?"

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. NORRIS. Yes; I yield again.

Mr. BARKLEY. Would this penalty apply to a case where a man swapped his wheat for goods? If he took a load of wheat to a store and got a stove valued at \$25, would that be regarded as a purchase within the meaning of this penalty? Frequently that happens. A man has no market for a commodity and takes it into town and exchanges it. Under the theory of barter and sale there is a value fixed upon the article.

Mr. NORRIS. That is not done where wheat is raised. Maybe it is done where they raise tobacco, but where wheat is raised they do not do that. If a farmer wants a stove and wishes to pay for it with wheat, he takes his wheat to the elevator, sells his wheat, and then buys the stove.

Mr. BARKLEY. Suppose there is no elevator and he wants to swap his wheat for a stove or suppose he wants to swap his wheat for a hog.

Mr. NORRIS. Let us take this case. Suppose there is not an elevator within a thousand miles of that farmer; where is that poor fellow going to sell his wheat?

Mr. BARKLEY. He sells it to a buyer at the railroad station who ships it 500 miles away to an elevator.

Mr. NORRIS. All right; the buyer at the railroad station would have to pay the price fixed. After the price is fixed there will not be any difference between the business operation then and that which takes place now—not a particle; there is not any new element in it. If by act of God the price of wheat went up on account of low production, then the man who bought the wheat would have to pay more for it; and he would be glad to get it, and pay more for it; he would pay the price.

Mr. REED. Mr. President—

Mr. NORRIS. I yield to the Senator from Pennsylvania.

Mr. REED. The Senator's illustration of a sale to a buyer at a railroad station leads me to suggest that this proposed act would be pretty nearly unenforceable; in such a case, at least, it would be perfectly easy to evade. The buyer would simply buy the wheat delivered at Chicago; he might pay only half the proclaimed cost of production, and yet would still be technically living up to the act, because the seller would have to pay the freight, and consequently that would bring the purchase price over the proclaimed cost. It is not going to help the farmer much if the law can be evaded as easily as that.

Mr. NORRIS. The Senator says it is not going to help the farmer, and then we talk about the various ways in which the farmer can avoid being helped. That is the argument. The farmer is going to evade this; he is going to sneak around in the dark and hunt a man who will buy his wheat and pay him less than the price. That is what Senators may think the farmer is going to do; but farmers are more intelligent than some Senators think they are. [Laughter.]

Mr. President, everywhere in this country there are elevators; there are dealers in wheat. They will be there when this bill is enacted and put into force; there will not then be any difference from the conditions which now prevail. The farmer will not be hunting around to find a man who will buy his wheat and pay less than the price fixed for cost of production.

Somebody ought to ask the question, "What are you going to do with the farmer who is insane?"—who has gone crazy, probably, because he has been toiling in the sun for years for you and me and has not gotten the cost of production, has not gotten the cost of the food that we are eating daily and are living on. Somebody ought to ask, "Well, what are you going to do with that kind of a farmer? When the Secretary fixes the price of wheat at a dollar, he is going to be sneaking around behind the elevator looking for some fellow who will buy his wheat for 80 cents." I just have to confess, Mr. President, that we cannot legislate for that kind of a farmer; we will just have to let him do it. Of course, if all the farmers are going to try to get as little as they can for their wheat or other products, they are not going to be helped by this bill, if they succeed, as they probably would, in violating the law.

Mr. WHEELER. Mr. President—

Mr. NORRIS. I yield.

Mr. WHEELER. I do not want the Senator to yield the floor, but merely wish to ask him a question. Under the allotment plan it is true that there are just as many chances for violation of the law on the part of the farmer as there are under the provision which the Senator was instrumental in having put in the bill.

Mr. NORRIS. I think there are more chances.

Mr. WHEELER. There are many more. For instance, take the farmer who was cited as an illustration a few moments ago, who takes his own pigs and sells the sausage, unless he is exempted from the law, unless the Secretary of Agriculture makes an exemption by rule of that farmer, the fellow who buys it has got to pay a tax on it.

Assuming, for instance, some farmer wanted to take a load of wheat to market to the miller or to the elevator, the

elevator man might say to him, "I cannot afford to pay the tax, but if, instead of selling me that wheat for 60 cents and making me pay the tax on it, I will give you 70 cents, provided you do not make me give you any receipt for it." Thus there is plenty of opportunity for fraud and corruption to creep in under the allotment plan.

So with reference to the provision with respect to cutting down acreage, the farmer may say that he only produced so many acres last year, and under the allotment plan we are going either to have to employ a lot of detectives and inspectors to go out and check up on the farmers or else we will have to take the farmer's word for it; we will have to take his affidavit that he only produced so much wheat the year previous in order to get the benefit of the allotment plan. So the truth about the matter is that the section the Senator offered in the committee as an amendment is much more simple in operation than is the allotment plan, and not only much more simple but, in my humble judgment, will work much more effectively with reference to wheat than will the allotment plan or the leasing plan.

I have serious doubt, as I stated this afternoon, whether or not the allotment plan will work successfully. I know that the leasing plan, so far as wheat is concerned, will not work in my section of the country, because there are thousands of acres at the present time that have not been cultivated; and if the Government leases them; all the farmers could go up on the side of the mountain and sow a lot of wheat, using land that they do not use for production at the present time. So it really seems to me that the very simplest, the very best, way of operating under this bill would be under the provision which was added by the committee, which is known as part 3.

Mr. NORRIS. Mr. President, I do not believe I have anything further to say excepting this: I am not opposing any of the other provisions of this bill. I have reached the time, even though I myself do not see how it can work, when any honest, sensible man thinks a certain plan will work, I am willing to let him try it; I am anxious that it succeed. I only want to give to the Secretary of Agriculture an opportunity to try a plan which, in my judgment, is much simpler and which will cost much less money, which will involve comparatively few employees to carry it out. I would put it up to him and let him use it. If he takes another plan and it works out, let him go on with it and make it work. I will not try to dig a hole under his feet or try to tell him about some crazy man who may evade the law in some place, or remind him of some technical objection. Let him go on and succeed; and if the plan will work, so much the better. If he finds it will not work, or if in the case of some commodities, as I believe he should reach the conclusion to begin with, that he ought to apply only the plan provided in part 3 of the bill, and he should find when he does, for instance, if he should apply it to wheat, that the wheat farmers of America are anxious to get a better price for their wheat, he will not have any difficulty; it will not be necessary for him to hire a whole lot of detectives to go around and trail the farmers of America so as to prevent them from going somewhere and secretly selling their wheat at less than the price he shall have fixed.

Mr. LONG. Mr. President, I suppose the Senate is nearing adjourning time for the afternoon. I wish to take up less than perhaps a minute's time in calling the attention of the Senate to the fact that the press of today informs us that Mr. Eugene Meyer has tendered his resignation as the head of the Federal Reserve Board. The press states that Mr. Meyer tendered his resignation some days ago, perhaps 10 days ago. I am sorry, Mr. President, that Mr. Meyer did not tender his resignation more than 10 days ago, and I am also sorry that it was not accepted before the 10 days which have intervened. I wish to call the attention of the Senate to my remarks on March 15 regarding this man and the necessity for his resignation and his elimination from the head of the financial structure of this Nation.

However, Mr. President, the resignation of Mr. Meyer is not going to be enough. Mr. Meyer is only one. Every crook and crevice of the financial structure is today in the

hands of Mr. Meyer and his kind. They have planted their eggs and hatched them out through a long period of years until there is only one cackle that can be heard and only one kind of philosophy in the financial administration. Unless they are whipped out of every crook and crevice in the department, they have the power to designate what is to be the policy in handling the financial affairs and the banking structure of this country.

I hope that the resignation of Meyer is not only going to be accepted almost immediately and someone appointed who will carry out the ideas and decrees of the Democratic platform and the promises of us Democrats, but that it is going to mean that the Treasury Department and the Comptroller's office and sundry other organizations of the Democratic administration will breathe into the Congress legislation for a sound expansion of our currency, as it is called, either through remonetization of silver or through some depreciation in the value of the gold dollar.

Now that the chairman of the committee has announced in favor of it and the report of the committee seems to show that it is a necessary part of the bill that there be something done, I intend at the proper time to reoffer, as an amendment to this bill, the provision which I offered to remonetize silver in the last Congress, hoping that the elimination of Mr. Meyer from the Federal Reserve Board will be followed by other administrative changes as will give the people a chance for sound expansion.

Mr. President, I do not think we are going to do a great deal of good for the farmer with this bill. As I understand the bill, as explained by the Senator from Alabama [Mr. BANKHEAD] and the Senator from Kentucky [Mr. BARKLEY], it means that we are going to have to compel the farmer and the farmer's wife and the farmer's boy to take cognizance and to have knowledge of every ruling that is made by the various and sundry agencies through the Secretary of Agriculture.

Mr. BANKHEAD. O Mr. President, I do not want to be misinterpreted or misrepresented. I do not think the Senator wants to do so, but I certainly made no statement from which that inference could properly be drawn.

Mr. LONG. I do not think the Senator correctly understood me. I said that I gathered an understanding of the bill, from listening to the speeches of the Senator from Alabama and the Senator from Kentucky, that the rulings which are going to be made—and I believe the Senator will understand me better now—in the enforcement and carrying out of the provisions of the bill through the Department over the signature of the Secretary of Agriculture, must be taken note of by the farmers and the farmers' wives and the farmers' boys who will come under the provisions of the bill.

Mr. BANKHEAD. Let us not have any misunderstanding. There is nothing in the bill compulsory on the farmer or any member of his family—not a line in it directly or by implication.

Mr. LONG. I understand we have one provision that the farmer may not sell for less than cost.

Mr. BANKHEAD. That does not apply to the farmer. It applies to the buyer.

Mr. LONG. Then we have a provision that there cannot be any conspiracy to violate the law; and therefore if a farmer who wants to sell agrees with a man who wants to buy upon some transaction not within the purview of the law, they can be tried as having engaged in a conspiracy to subvert the terms of the law. The Senator from Alabama, being a very able lawyer, is bound to know now, upon any reasonable reflection, that everyone comes within the purview of the law.

Mr. President, there was something the Senator from Kentucky [Mr. BARKLEY] brought up this afternoon in questioning the Senator from Nebraska [Mr. NORRIS] that we have not thought about at all. How are we going to keep the man who wants to sell his hog to the processor from agreeing that he is going to sell him for something less than the value that has been fixed by the Secretary of Agriculture,

including the tax? For instance, Mr. President, a friend of mine has a hog and he brings the hog to me to buy. I say, "All right, I will pay you 8 cents a pound. That is all I can afford to pay you today; but I am not going to give you a process certificate where I have to pay 12 more cents a pound to get the hog." I say to my friend who brings me the hog, "I am willing to give you 8 cents a pound to buy the 'dad-gummed' hog, provided you do not make me give you a process certificate so I will have to go back and pay 12 cents more for the hog to the Government. If you will sell me the hog for 8 cents or 10 cents, I will buy the hog; but I am not going to give you a process certificate so I will have to go back and mail the Government a check for 12 cents a pound more for the hog."

My friend says, "All right. I want to sell the hog. I have the hog and I have got to sell it because I do not need the hog and I do not want to feed the hog, but I want to get whatever money I can out of the hog." So in order to get rid of the hog he sells him to me for 8 or 10 cents a pound, which is 2 cents above the market price, but for which he should not sell the hog at all under the provisions of the bill. He does not require me to give him a process certificate in order that he can collect the other 10 cents out of the Government, because he wants to get rid of the hog and keep from feeding him that night. Then my friend and myself both are subject to be brought up for trial and sent to the penitentiary for 3 years because we have entered into a conspiracy to violate a ruling of the Secretary of Agriculture, because he got rid of the hog he did not want to feed and I got a hog I would only pay 10 cents to get.

That is the kind of bill we have here. If I have not stated it correctly I want to be corrected. That is the bill as I understand it. Angels of the Senate that we are, Mr. President, we are called upon to vote upon it. If in that way one little old hog is sold that cannot be sold in any other way to a man who is going to kill him and use him or sell him, then every man who engages in that nefarious undertaking is guilty of a penitentiary offense. If that is not what the bill provides I want the Senator from Alabama to correct me.

Mr. BANKHEAD. Does the Senator mean that is the provision under the amendment offered?

Mr. LONG. No; with the amendment stricken out.

Mr. BANKHEAD. No; there is no provision of that kind in the bill.

Mr. WHEELER. Mr. President, I beg to differ with the Senator from Alabama, and assure him that it is in the bill. He will have a ruling of the Department of Agriculture fixing the tax, and when the tax is fixed he will have to give a receipt for the hog. When the sells that hog, the Government will collect that tax under the rules and regulations of the Secretary of Agriculture.

Mr. BANKHEAD. From the processor.

Mr. WHEELER. But if the farmer helps the processor to get around that tax—

Mr. BANKHEAD. Oh, the Senator means if he enters into a conspiracy to evade the law? Why, of course, Mr. President, I misunderstood the Senator.

Mr. WHEELER. If he wants to sell that hog to the processor and the processor says, "I will give you 10 cents for the hog and I cannot take it unless you do that", then we will prevent the farmer from selling his hog or place him in the position of being charged with a conspiracy—just what the Senator said would happen under the other provision which we are discussing. There is no difference whatever with reference to the two provisions.

Mr. BANKHEAD. I am surprised to hear my friend argue that a mere refusal by a buyer to pay a big price constitutes a conspiracy between himself and the seller. I do not think the Senator would insist that the seller was entering into a conspiracy with the buyer under such circumstances.

Mr. WHEELER. It is perfectly apparent there may be innumerable cases where the man cannot sell his hog unless he makes some concession to the processor.

Mr. BANKHEAD. Mr. President, I think the Senator from Montana is friendly to the bill. I assume that he understands that one of the primary purposes is to prevent anyone from indulging in any such unfair practices.

Mr. WHEELER. I am friendly to the bill, but I am just as friendly to the other portions of the bill which the Senator wants to strike out because of the fact that the Department of Agriculture and a few professors up there, who sit around the office and never saw a bushel of wheat in their lives, see fit to send down to the Senate certain legislation and say to us, "Jump through the hoop and vote for this bill; do not cross a 't' or dot an 'i'", and ask that we shall give the Secretary of Agriculture the greatest amount of power that has ever been granted in any bill in the history of the United States, the power to fix rules and regulations of the kind we have been discussing. Then the Senator from Alabama contends, because of the fact that we want to have a provision that the Secretary of Agriculture may not want, that we are opposed to aiding the farmer. I am not going to be bound by any such statement as that.

Mr. BANKHEAD. The Senator from Alabama has never stated that he opposed the provision on the ground that the Secretary of Agriculture did not want it. I think the Senator from Montana knows that I opposed it from the very inception.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Louisiana yield to enable me to submit a request?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. I ask unanimous consent that when the Senate concludes its labors today it take a recess until 12 o'clock noon tomorrow; that at not later than 12:30 o'clock tomorrow the Senate proceed to vote upon the pending amendment, and that beginning at 12 o'clock noon tomorrow no Senator shall speak more than once nor longer than 5 minutes on the pending amendment.

Mr. LONG. Mr. President, I cannot consent to that. My friend the Senator from Alabama [Mr. BLACK] has requested that he be called in case a motion should be made to recess, because he wishes to move an adjournment so that the 30-hour bill may be taken up in the morning hour tomorrow.

Mr. SMITH. Mr. President, the Senator from Louisiana certainly misunderstood the Senator from Alabama.

Mr. LONG. Possibly I did.

Mr. SMITH. He passed here a little while ago and said that he would offer no obstruction with reference to the pending measure, but that he would let its consideration proceed without any further effort to inject his matter, hoping that we would get through with the bill by tomorrow night.

Mr. LONG. Then I withdraw my objection.

Mr. SMITH. I want to join with the leader on our side in trying to get some agreement whereby we can finish consideration of the bill tomorrow if it be possible to do so. I hope we will reach an agreement before we take a recess by which we can at least hope that we see the end of the discussion on the bill.

Mr. LONG. I withdraw my objection to the request of the Senator from Arkansas.

Mr. NORRIS. Mr. President, I want to make a suggestion about the unanimous-consent agreement. As I heard it, the limitation would apply only to the pending amendment?

Mr. ROBINSON of Arkansas. That is true.

Mr. NORRIS. The pending amendment is the amendment offered by the Senator from Ohio to the committee amendment. I do not believe the Senator from Arkansas understood that.

Mr. ROBINSON of Arkansas. I did not understand that that is the case. I thank the Senator from Nebraska. My request, then, should apply to the pending committee amendment and all amendments that may be pending or offered thereto.

Mr. McNARY. I understand the purpose of the proposed agreement is to have a vote on the pending amendment, and all amendments pending thereto, at 1 o'clock tomorrow.

Mr. ROBINSON of Arkansas. I said 12:30.

Mr. McNARY. Twelve-thirty o'clock, with a limitation of 10 minutes on debate.

Mr. ROBINSON of Arkansas. Five minutes.

Mr. McNARY. The Senator from Arkansas knows that I want to cooperate in every way in an early disposition of the unfinished business; but this afternoon the hour is late, and a number of Senators are necessarily absent on account of business matters, and I do not think 30 minutes tomorrow on this amendment will be sufficient time for its discussion. Secondly, I do not think 5 minutes would be ample time on other amendments that may be offered, or that are pending, or on the bill.

I suggest to the Senator that we recess now until 12 o'clock tomorrow, or adjourn.

Mr. ROBINSON of Arkansas. Mr. President, unless we can get an agreement or a vote on this amendment, I shall not consent to a recess.

Mr. McNARY. Mr. President, I have not yet concluded, please.

I shall object to a unanimous-consent agreement now to vote on the pending amendment tomorrow at 12:30. If this matter comes up in an orderly manner, after sufficient debate, and when the subject has been exhausted tomorrow, I shall be glad to cooperate with the Senator on some proposal that might limit debate on future amendments; but this afternoon, at half past 5, with a number of Senators absent, and an important amendment before the Senate that involves the tax that will be laid on processors, the sums of money to be received from the processors, to limit debate tomorrow to 30 minutes would be unjust and unfair to those absent; and they are absent on both sides of the Chamber. If the Senator will withhold his proposition tonight, and move to recess or adjourn at this time—

Mr. ROBINSON of Arkansas. No, Mr. President.

Mr. McNARY. Very well; just a moment—and then, tomorrow, if he will offer a proposal after we dispose of this amendment, following legitimate discussion, I shall cooperate upon a reasonable unanimous-consent agreement.

Mr. ROBINSON of Arkansas. Mr. President, of course everyone understands that a single objection will prevent the agreement that I have asked; but we have consumed the entire day in the discussion of this one amendment, and all Senators have been present except 2 or 3. There are only 2 or 3 Senators absent. We shall never find a day when that number will not be found absent. Senators have remained here, and we have discussed this amendment all day. Now the Senator from Oregon says that he is unwilling to enter into any agreement to vote on this amendment. In that view of the matter, I think we ought to proceed and vote this afternoon.

Mr. LONG. I think so.

Mr. McNARY. Very well; I have no objection to that. I said that rather than enter into a unanimous-consent agreement I would prefer to vote this afternoon.

Mr. ROBINSON of Arkansas. Very well.

Mr. McNARY. I do not want to assume the responsibility of acquiescing in an agreement that I think is unfair to the absent Senators, and I shall not do so.

Mr. ROBINSON of Arkansas. Mr. President, the absent Senators have had no opportunity at all to discuss the amendment. We shall always have absentees. We shall never find the time when every Member of the Senate is present.

In view of the fact that we have taken this entire day in the discussion of one committee amendment, I feel justified in pressing for action; and I am going to withdraw my request and ask the Senate to proceed with its business.

Mr. SMITH. Mr. President, I think the Senate has discussed this amendment sufficiently for each and every one of us to understand it. I hope we may be able to reach a vote before we take a recess this afternoon, and get this amendment at least out of the way, so that the balance of the bill may be amended by Members on the floor who have amendments to offer.

The PRESIDING OFFICER. Does the Chair understand that the Senator from Oregon has interposed an objection?

Mr. McNARY. I have; yes.

Mr. ROBINSON of Arkansas. Mr. President, I should not object to extending the time until not later than 1 o'clock, and expanding the limitation of speeches to 10 minutes, but surely, in view of the fact that we have taken a whole day to consider this one amendment, the Senator from Oregon cannot object to that.

Mr. COUZENS. Mr. President, will the Senator yield to me? Does the Senator mean to include the mortgage amendment?

Mr. ROBINSON of Arkansas. No, no; I have reference only to the committee amendment, known as part 3, and the amendments that are pending and may be offered to that. It is the cost-of-production proposal in the bill.

Mr. COUZENS. Then no limit is proposed on debate with respect to the mortgage section?

Mr. ROBINSON of Arkansas. No; I have not asked for a limitation on the bill generally.

Mr. McNARY. Mr. President, I had thought of making a few remarks on the subject. They probably will not require more than 15 minutes. I should be willing to consent, so far as I am personally concerned, to a unanimous-consent agreement to vote not later than 2 o'clock tomorrow on the pending amendment, speeches being limited to 15 minutes.

Mr. ROBINSON of Arkansas. Mr. President, I will modify the request so that not later than 2 o'clock tomorrow the Senate will proceed to vote on the committee amendment and all amendments that may be pending or that may be offered thereto without further debate.

Mr. LONG. That is, all that may be offered to the committee amendment that is pending?

Mr. ROBINSON of Arkansas. Yes; and that upon reconvening tomorrow no Senator shall speak more than once or longer than 15 minutes on the amendment or on any amendment thereto.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, just a moment. That refers specifically to part 3?

Mr. ROBINSON of Arkansas. Yes; that is all.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the unanimous-consent agreement is entered into.

Mr. LONG. Mr. President, I just want to wind up this matter and have one understanding. I was in the midst of trying to get one point settled.

The PRESIDING OFFICER. Does the Senator from Arkansas yield?

Mr. ROBINSON of Arkansas. The Senator from Louisiana had the floor. I did not wish to take him off the floor. He very kindly yielded to me to submit the request, and he still has the floor.

Mr. LONG. I do not want to delay adjourning, but I do not want to speak again on this amendment tomorrow.

While the Senator from Alabama and the Senator from Kentucky are here, I do not want anyone to have any doubt about what he is voting for on this bill. Mr. President, title 3 is the most understandable part that there is in the bill. It is the least drastic part that there is in the bill; but I admit that however much less drastic it may be than the balance of this bill it is drastic itself. The sad part of the matter, however, is that every housewife, every farm boy, and every farmer must take note of every ruling that is made by the Secretary of Agriculture. Otherwise, regardless of what farm sale may take place between the producer and the processor that does not conform with the processing tax, he will be guilty of a conspiracy and subject to being put in jail by the court for 3 years. There may be 100 rulings of the Secretary or there may be 500 or 5,000 rulings, but they will have to take cognizance of them all.

Mr. ROBINSON of Arkansas. Mr. President, I present two amendments and ask to have them printed and lie on the table.

The PRESIDING OFFICER. That order will be made.

Mr. BARBOUR. Mr. President, before the recess is taken I should like to ask a question, if I may, of the Senator from South Carolina [Mr. SMITH]. It will take me only a moment.

The word "consumer" appears in section 16, page 21, line 20, referring to floor stocks. That section provides for a tax on inventories. I should like to address to the Senator from South Carolina, as chairman of the committee, a question to elicit his definition of whom the consumer might be.

For instance, take the manufacturer of a shoe who buys thread for the purpose of constructing a shoe. Is the manufacturer the consumer of the thread, or is the purchaser of the shoe, who wears the shoe, the consumer of the thread? I should think the bill undoubtedly means that the manufacturer who purchases the thread is the consumer.

Mr. SMITH. Mr. President, the very same question came up in reference to automobile tires, as to the processor who processed the material that went into the casing, and whether that tax would be carried on to the automobile-tire man when he processed his tire. The committee were of opinion that it is the man who processes the fabric in the first instance who is the consumer, and the bill so declares.

Mr. BARBOUR. In other words, the manufacturer in the case I speak of and in like cases, in the opinion of the Senator, the chairman of the committee, would be the consumer as the word is used in that section?

Mr. SMITH. Yes.

Mr. BARBOUR. I thank the Senator.

Mr. FRAZIER. I offer a proposed amendment to the pending amendment, part 3, and ask to have it printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. CLARK. I ask that sundry amendments which I intend to offer to this bill may be printed and lie on the table.

The PRESIDING OFFICER. That order will be made.

Mr. MCGILL. I send forward an amendment, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

MINISTER TO DENMARK—RUTH BRYAN OWEN

The PRESIDING OFFICER. The Chair lays before the Senate a message from the President of the United States, which will be read.

The Chief Clerk read as follows:

THE WHITE HOUSE, April 12, 1933.

To the Senate of the United States:

I nominate Ruth Bryan Owen, of Florida, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Denmark and Iceland.

FRANKLIN D. ROOSEVELT.

Mr. FLETCHER. I ask unanimous consent for the immediate confirmation of this nomination.

The PRESIDING OFFICER. The Senator from Florida asks unanimous consent for the immediate confirmation of this nomination. Is there objection? The Chair hears none, and the nomination is confirmed.

Mr. FLETCHER. I ask unanimous consent that the President may be notified.

The PRESIDING OFFICER. Without objection, the President will be notified.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

THE CALENDAR

The PRESIDING OFFICER. Reports of committees are in order.

If there be no reports of committees, the calendar is in order.

THE JUDICIARY

The Chief Clerk read the nomination of Joseph W. Woodrough, of Nebraska, to be judge, eighth circuit, vice Arba S. Van Valkenburgh, retired.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

IN THE ARMY

The Chief Clerk proceeded to read the nominations of sundry officers in the Army.

Mr. REED. I ask unanimous consent that the Army nominations may be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations will be confirmed en bloc; and, without objection, the President will be notified.

That completes the calendar.

Mr. ROBINSON of Arkansas. I ask that the President be notified of the confirmation of Judge Woodrough. There has been a vacancy in that district for some time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

The Senate resumed legislative session.

RECESS

Mr. SMITH. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Carolina.

The motion was agreed to; and (at 5 o'clock and 44 minutes p.m.) the Senate took a recess until tomorrow, Thursday, April 13, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 12 (legislative day of Apr. 11), 1933

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

James Michael Curley, of Massachusetts, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Poland.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Ruth Bryan Owen, of Florida, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Denmark and Iceland.

COMMISSIONER OF FISH AND FISHERIES

Frank T. Bell, of Washington, to be Commissioner of Fish and Fisheries, vice Henry O'Malley.

PROMOTIONS IN THE NAVY

MARINE CORPS

First Lt. Edgar G. Kirkpatrick to be a captain in the Marine Corps from the 8th day of April 1933.

Second Lt. Bernard H. Kirk to be a first lieutenant in the Marine Corps from the 8th day of April 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 12 (legislative day of Apr. 11), 1933

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Ruth Bryan Owen to be Envoy Extraordinary and Minister Plenipotentiary to Denmark and Iceland.

JUDGE OF THE EIGHTH CIRCUIT

Joseph W. Woodrough to be judge of the eighth circuit.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

Second Lt. Donald Ralph Neil, to the Quartermaster Corps.

Second Lt. Robert Edwin Cron, Jr., to the Quartermaster Corps.

Second Lt. Harry Winston Candler, to the Cavalry.

First Lt. Robert Francis Carter, to the Quartermaster Corps.

PROMOTIONS IN THE REGULAR ARMY

Raymond Eugene Ingalls to be colonel, Dental Corps.

Joseph Richard Koch to be chaplain with the rank of captain.

John Thomas Harris to be lieutenant colonel, Quartermaster Corps.

Paul Hancock Brown to be major, Infantry.

William Stuart Eley to be major, Infantry.

Joseph Pescia Sullivan to be major, Quartermaster Corps.

Irving Compton to be captain, Infantry.

Rudolph William Broedlow to be captain, Infantry.

Albert Edmund Rothermich to be captain, Infantry.

Jeremiah Paul Holland to be first lieutenant, Field Artillery.

John Mills Sterling to be first lieutenant, Air Corps.

Edward James Francis Glavin to be first lieutenant, Infantry.

Mark Kincaid Lewis, Jr., to be first lieutenant, Air Corps.

MEDICAL CORPS

To be captains

William A. Dains Woolgar. Arthur Herman Corliss.

Joseph Steinberg. Jonathan Milton Rigdon.

Karl Rosenius Lundeberg.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 12, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou who art all in all and from whom cometh the highest good in all the world, we praise Thee that the joy of our Lord is forever and ever. We need so many things to walk worthily with Thee. Heavenly Father, gather up our tendencies, our failures, and our weaknesses; harmonize them with Thy holy will and blend them in a volume of spiritual melody; steal into our hearts like the rhythm of unearthly peace. We pray that high hopes, peace, and contentment may hang over our country like a summer sun out of which come all life and blessing. We beseech Thee, dear Lord, to hear us in our prayer. Amen.

The Journal of the proceedings of yesterday was read and approved.

GEORGE ROGERS CLARK SESQUICENTENNIAL COMMISSION

The SPEAKER. A vacancy having been created upon the George Rogers Clark Sesquicentennial Commission by the death of the Honorable Will R. Wood, of Indiana, the Chair appoints to fill said vacancy the Honorable ROBERT LUCE, Representative from the State of Massachusetts.

PRESENTATION OF PICTURE TO THOMAS H. CULLEN

Mr. BOYLAN. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BOYLAN. Mr. Speaker, it is on very rare occasions that the Congress is accorded any commendation by the public for meritorious work well done. There are exceptional cases, however, and it is my pleasure this morning to recite one.

On yesterday the employees of the Brooklyn Navy Yard, in New York, and the Allied Metal Trade Industries, through Representative DELANEY, presented to our distinguished assistant leader, Hon. THOMAS H. CULLEN, the dean of the New York delegation, a magnificent oil painting of our distinguished President, Franklin Delano Roosevelt, in recognition of the services rendered by him in behalf of the employees of the Brooklyn Navy Yard and of the other navy yards of the country. So it is a pleasant interlude in the terrific grind here to pause and take this opportunity of recording

a commendation well deserved by our distinguished colleague, Representative CULLEN.

Mr. Speaker, I ask unanimous consent to insert in the RECORD the remarks of Congressman DELANEY in presenting the portrait and the response of our distinguished assistant leader, THOMAS H. CULLEN. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

REMARKS OF CONGRESSMAN JOHN J. DELANEY, REPRESENTING THE SEVENTH NEW YORK CONGRESSIONAL DISTRICT, DURING HIS PRESENTATION OF A PORTRAIT OF PRESIDENT FRANKLIN D. ROOSEVELT TO CONGRESSMAN THOMAS H. CULLEN IN BEHALF OF THE EMPLOYEES AND REPRESENTATIVES OF THE NAVY YARD AT BROOKLYN, N.Y.

Congressman CULLEN, on behalf of the employees of the Brooklyn Navy Yard and their representatives, as well as representatives of the various labor organizations assembled here this morning, I take pleasure in presenting to you a portrait of President Franklin Delano Roosevelt. This gift is made in appreciation of the services rendered by you in behalf of the workers of the Brooklyn Navy Yard. The employees of the yard have a keen realization of your untiring efforts in behalf of all matters affecting their welfare. You have always been in the vanguard in proposing legislation which would have for its purpose the expanding of the facilities in the Brooklyn Navy Yard and they are also most appreciative for your present efforts in the matter of collaborating with those who believe that we should build up our Navy to the strength provided for in the London Treaty.

RESPONSE OF CONGRESSMAN CULLEN

Congressman DELANEY, this is a very happy moment for me, having you and the representatives of the workers of the Brooklyn Navy Yard present me with this beautiful portrait of our great President, Franklin Delano Roosevelt. I can still vividly recall the first time I met him when he came to Albany as a member of the State senate in 1910, and where I cultivated a friendship with him that has been very dear and near to me ever since.

When Franklin Roosevelt resigned from the senate to come to Washington in 1913 to accept an appointment as Assistant Secretary of the Navy under President Wilson's administration, he immediately started out by proving himself a friend of the Navy and also took a special interest in the workers of the Brooklyn Navy Yard. In that connection I might rehearse a little story in conjunction with one of his visits to the navy yard in Brooklyn. Mr. Philip Engel, who is holding this picture, was at work in the yard on the occasion of this visit of Assistant Secretary Roosevelt. Mr. Roosevelt called him aside to discuss with him the different phases of work that were being performed by the men. Mr. Engel, in his working clothes, sat with him for the best part of an hour explaining and discussing the various projects carried on in the yard. Mr. Roosevelt in the course of that conversation manifested a keen and sincere interest in the welfare of our Navy. He had a splendid insight and profound understanding of the problems of the men, as well as a strong realization of the necessity of a strong Navy. As President of the United States today, Franklin D. Roosevelt is vitally interested in having our Navy kept up to the standard provided for by the London Naval Treaty.

He is contemplating including in his unemployment construction bill the program submitted by Chairman CARL VINSON, of the House Committee on Naval Affairs, dealing with the upbuilding of our Navy, which, in my opinion, is one of the most comprehensive naval-construction programs that has come to the attention of Congress in my time.

This beautiful portrait will hang on the wall of my office as long as I remain in Congress. Then I will bring it to my home, where I shall cherish it with many pleasant recollections of its presentation to me today. It will also be a constant reminder of my friendship and great admiration for President Roosevelt, a friendship that has ripened to an extent that even today, when I have occasion to call upon him at a time when he is so valiantly striving to overcome the many difficulties and problems facing our country in this great national crisis, despite his high position and multitudinous duties, he still calls me "Tom" and I call him "Frank."

I desire to extend my thanks to your delegation for your kindness, and through you I wish to express to the workers of the Brooklyn Navy Yard my sincere appreciation for their kind thought. You may rest assured that I shall continue to extend my whole-hearted cooperation in all matters pertaining to the welfare of our Navy and the workers of the Brooklyn Navy Yard.

Through Mr. Engel and Mr. McDonough and the other members of your delegation I desire to extend to Mr. Harry M. Jockers my sincere appreciation and congratulations upon his wonderful work in the painting of this beautiful portrait of President Franklin D. Roosevelt.

HAROLD E. HUGHES—FRANK P. GIBSON

Mr. FIESINGER. Mr. Speaker, I ask unanimous consent to withdraw all reports, evidence, and affidavits in the claims against the United States for the relief of Harold E. Hughes, H.R. 1974, Seventy-third Congress, and for the relief of the

estate of Frank P. Gibson, H.R. 1975, Seventy-third Congress, referred to the Committee on Claims.

It is my intention to withdraw the bills on the ground the claimants have no status against the United States for relief.

I have the consent of the chairman of the committee to withdraw these bills.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. JONES. Mr. Speaker, I ask unanimous consent that Calendar Wednesday business, in order today, be dispensed with.

Mr. CLARKE of New York. Mr. Speaker, reserving the right to object, and I shall not object because I want to press on with the farm relief bill, it is not the intention of the gentleman from Texas to have a roll call upon this bill this afternoon, I understand?

Mr. BLANTON. Would a roll call interfere with anything the gentleman from New York desires to do this afternoon?

Mr. CLARKE of New York. It certainly would materially interfere with my plans for this afternoon.

Mr. JONES. I may state, Mr. Speaker, that the time left for general debate ranges between 5 and 6 hours, as I remember it, and I do not expect to have a roll call on this bill this afternoon.

Mr. BYRNS. Mr. Speaker, I have been approached by a number of Members as to whether or not the House will adjourn tomorrow afternoon over until Monday. Of course, I am but one Member of the House. However, if we have any legislation, as I think we will, on Friday and Saturday, I think the House ought to stay here and attend to it. [Applause.] So far as I am concerned, if there is any legislation to be considered on Friday and Saturday I shall insist as strenuously as I can that we stay in session and dispose of it.

Mr. BULWINKLE. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BULWINKLE. Can the majority leader tell us what legislation will be here Friday and Saturday?

Mr. BYRNS. I have hopes; that is all I can say. I have communicated with all the chairmen who have these bills pending before their committees. I am hoping, for instance, that the Committee on Ways and Means may report the bill providing for an extension of the gasoline tax, and that possibly we might have that up on Friday. I do not know whether this will be done or not, but I believe we ought not to say we will adjourn until we are satisfied there will be nothing for us to do.

Mr. DOUGHTON. Mr. Speaker, if the gentleman will yield, I am unable to state definitely just when the Committee on Ways and Means will report out the bill extending the tax on gasoline; but I can say definitely that it will be in the immediate future. If not Friday and Saturday, certainly it will be not later than Monday.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Certainly.

Mr. BLANTON. I was wondering whether or not the Committee on Ways and Means is going to favorably report out a bill to take the 2-cent tax off bank checks. That tax ought to be repealed immediately. In my judgment, this is one of the most important matters to be considered.

Mr. DOUGHTON. I agree with what the gentleman states; but we doubt whether that will be reached now. At least it should be considered. I think it is very important.

Mr. BYRNS. I may say to the gentleman I understand the tax on bank checks is bringing in between \$40,000,000 and \$50,000,000 per year. If this be true, and we wish to balance the Budget, it is very essential that the tax be continued for the present, although, personally, I should like to see the time come when we can do away with it.

Mr. BLANTON. It is keeping more money in socks and under bed slats than anything else Congress has ever done.

Mr. BYRNS. I realize the force of the argument of the gentleman from Texas.

Mr. CLARKE of New York. Mr. Speaker, I demand the regular order. They are delaying consideration of the pending bill.

Mr. SNELL. Will the gentleman withhold that a moment? I want to ask the majority leader another question. As I understand the statement of the Chairman of the Ways and Means Committee, there is very little probability that the measure referred to will be ready for consideration this week. If this is the case, what else has the majority leader in mind?

Mr. BYRNS. I had hoped that possibly the Wagner bill might be reported, although I have no assurance to that effect.

Mr. SNELL. How far have they gone with it?

Mr. BYRNS. I think we can come nearer determining tomorrow just what will be ready than we can today.

Mr. SNELL. From all the information I can get, there will be nothing ready at that time; but, of course, I am not on the inside.

Mr. BYRNS. I think we will know more about it tomorrow than we do now.

Mr. FISH. Will the gentleman from Tennessee yield?

Mr. BYRNS. I yield.

Mr. FISH. Has the gentleman any program for tomorrow?

Mr. BYRNS. Yes; we expect to take up the embargo bill tomorrow.

Mr. FISH. That is what I wanted to know.

Mr. BYRNS. We expect to take that bill up at the conclusion of the consideration of the pending bill, which will probably take an hour or two tomorrow.

Mr. BOILEAU. Reserving the right to object, I should like to ask the gentleman from Texas [Mr. JONES] at what point he intends to have the Committee rise this afternoon. Will it be before general debate is concluded or not?

Mr. JONES. That matter has not been determined. We want to conclude most of the general debate today, and although we might not quite finish general debate, we hope to.

Mr. BOILEAU. The gentleman will realize that I am very much interested in a motion to recommit, and I am wondering if the House would be in session at the time that point would be in order today or not.

Mr. JONES. There will not be any roll call, because we will not more than finish general debate today, I may say to the gentleman.

Mr. BYRNS. I think we can agree that we will not have a roll call today.

Mr. JONES. I have already stated we would not have a roll call on the pending bill and that will take care of what the gentleman has in mind.

Mr. KVALE. Will the gentleman yield?

Mr. JONES. Yes.

Mr. KVALE. Can it be understood, definitely, that the proceedings will not reach the stage where a motion to recommit will be in order?

Mr. JONES. I practically made that statement.

Mr. KVALE. But the gentleman did not make the definite statement.

Mr. JONES. If it were made, it would not be disposed of, and we would not have a roll call. Is not that what the gentleman wanted to know?

Mr. KVALE. Then if the motion is made, it will not be put?

Mr. JONES. That is correct.

Mr. RAGON. Then it can be definitely understood that there will be no roll calls this afternoon.

Mr. JONES. We will not have time for a roll call because we have left over 5 hours of general debate.

The SPEAKER. Is there objection to the request of the gentleman from Texas to dispense with Calendar Wednesday business in order today?

There was no objection.

Mr. JONES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of

the Union for the further consideration of the bill (H.R. 4795) to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 4795, with Mr. ARNOLD in the chair.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. Chairman, on yesterday when our distinguished Chairman of the Committee on Agriculture occupied this floor, he explained in detail the provisions of this bill known as the "Emergency Farm Mortgage Act of 1933."

He stated however that he would not discuss title IV of this act and would expect other members of the Agriculture Committee to devote some time during this debate to a discussion of this title of the bill.

I am intensely interested in this bill as a whole. I full well realize that about 40 percent of the farms in this country are mortgaged, that our farm debts are staggering, that the farmers' interest rates are a crushing burden, that immediate farm relief through debt and tax relief is absolutely necessary for the restoration of permanent prosperity throughout the country. The purpose of this mortgage-relief legislation goes to the very roots of the present-day farm problem.

This measure is not intended as a dole or charity. Its purpose is not to transfer to the Government the whole mortgage burden, but it aims to stabilize the farm-mortgage market. If properly administered, it will give definite, direct help to distressed mortgage-burdened farmers and call a halt to foreclosures of farm properties.

It, then, of necessity must be legislation not alone in the interest of the farmer but also in the interest of the creditor.

The opponents of this bill have stressed many objectionable features and said it will prove a disappointment, all of which may be true, but they cannot deny that it does bring the farmer into the picture where heretofore he has been left out. It is the only measure of this character before us, and although many Members here no doubt feel they could improve the bill by amendments, they also must realize that it could be loaded down with amendments to such an extent that we would get no legislation at all, which would be a calamity.

Action is necessary. Dilatory tactics will not produce results. This administration has approved this measure as it is, and I am not going to endeavor to place any obstacles in the way of this measure's being enacted into a law.

Title IV of this act, when the bill was first considered, was not a part of its provisions. When it was incorporated in what is known as the "Robinson bill" (Calendar No. 18) and referred to the Senate Committee on Banking and Currency and reported by that committee title IV was stricken out. But its great importance was stressed, and the House Committee on Agriculture, the committee to which this House referred the President's message, includes it as title IV in its bill H.R. 4795, known as the "Jones bill", and I want to say to you, my friends, it is a very important part of this legislation. It is not as complete and far-reaching as what is known as the "Glenn-Smith drainage bill" that some of us have worked for night and day, in season and out of season, but it does in a measure give farm relief through tax relief.

Briefly, title IV of this bill provides—

Refinancing of agricultural improvement, district indebtedness for the benefit of farmers.

Section 401: The Reconstruction Finance Corporation is authorized and empowered to make loans in an aggregate amount not exceeding \$50,000,000 to drainage districts, levee

districts, levee and drainage districts, irrigation districts, and similar districts, duly organized under the laws of any State, and to political subdivisions of States, which projects are devoted chiefly to the improvement of land for agricultural purposes, for the purpose of enabling such districts to reduce and refinance their outstanding indebtedness incurred with respect to such project.

Loans shall be made subject to the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended, except that loans under this section shall be subject to the following terms and conditions:

First. The term of any such loan shall not exceed 40 years.

Second. Such loans shall be secured by bonds issued by the borrower which are a lien on the real property within the district or on the assessment of benefits to such property by reason of the project.

Third. The borrower shall not issue any additional bonds so secured except with the consent of the Reconstruction Finance Corporation.

Fourth. Out of the assessments against the real property within the district the costs of operation and maintenance as well as interest on outstanding obligations are to be paid and the balance to be applied to the retirement of the bonds held by the Reconstruction Finance Corporation.

Fifth. The borrower shall reduce the indebtedness of the landowners within the district by an amount corresponding to the amount by which the indebtedness of the borrower is reduced by reason of the operation of the section—the landowners on a pro-rata basis to share in the benefits.

No loans shall be made until the Reconstruction Finance Corporation—

(a) Has caused an appraisal to be made of the property securing the bonds;

(b) Has considered the economic soundness of the project; and

(c) Has been satisfied that an agreement between the applicant and holders of bonds has been reached which is fair to purchase or refund the outstanding bonds considering the average market price of said bonds over a 6 months' period ending March 1, 1933, which will necessarily bring about a substantial reduction of the outstanding indebtedness of the district. The benefits will be passed on to the landowner, and the Reconstruction Finance Corporation will be paid out of reduced assessments. The benefits are extended to Alaska, Hawaii, and Puerto Rico.

The provision of this bill as set forth in title IV affects possibly 5,000,000 people, for the most part what are known as "small" farmers with large families, living in about 35 different States of this Union. It involves more than 325,000,000 acres of land situated within these districts.

It is a national problem and not merely a local one. This Congress is the place to deal with it. The necessity for this relief is more than urgent and demands quick action to avert a further calamity over which these distressed people have no control. Nature itself forced this additional burden upon them. I deem this a real opportunity to do something worth while, constructive, and truly beneficial.

Only a few days ago I stood here on the floor of this House and spoke in favor of the emergency farm relief bill, and in the course of my remarks I said in substance that whatever legislation we passed to stimulate prices of farm commodities would necessarily be artificial, but we should go further and enact laws to give the oppressed farmers relief through tax, debt, interest, and mortgage relief, and that such legislation would go to the very fundamentals of the matter.

That hour has struck. The time is at hand. The question before us is not whether or not we approve of all the provisions of this bill and would like to see some changes in it, but the proposition is, this being another step in the President's program, are we going with the administration or not? I am.

This type of legislation seeks to aid and bring relief to our substantial citizens who are the very backbone of our Na-

tion and tide them safely over the turbulent waters that threaten to drown them. I am going to help them if I can. [Applause.]

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Chairman, I do not desire to take any time to make a speech, but I want to ask a question of the chairman of the committee. Just what effect do you expect this bill to have on the present value of the farm-loan banks? For instance, if I own \$10,000 in bonds in those banks, what will be the effect on the value of the bonds?

Mr. JONES. The gentleman means bonds of the Federal land banks?

Mr. SNELL. Yes.

Mr. JONES. I do not believe that they will be injuriously affected, and in my judgment the operation of the bill will further safeguard the banks.

Mr. SNELL. In what way? I desire the information, because I have been asked that question several times.

Mr. JONES. There is provision made in the bill for loaning to the Federal land banks the use of \$50,000,000 as a part of the surplus which is to be paid back.

Mr. SNELL. Is it the intention to force the present holders of 4½-percent bonds to exchange them for the new 4-percent bonds?

Mr. JONES. No. There is no intention of that kind. Of course, all of these bonds have written into their face an option to refinance them after they have been out 10 years. Of course, that option would be available, regardless of the provisions of any bill.

Mr. SNELL. And in that way they could come to me as the owner and say to me, "Now, you will have to take 4 percent bonds, or we will pay you the face value for your present bonds"?

Mr. JONES. Yes. They could do that if the option period has arrived, but it would not interfere with their rights at all. It would leave their bonds as they are.

Mr. SNELL. That is what I was desirous to find out.

The CHAIRMAN. The time of the gentleman from New York [Mr. SNELL] has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Kansas [Mr. HOPE].

Mr. HOPE. Mr. Chairman, I am in the same position as everyone else who has discussed this bill, in that I should like to see more done to relieve the farm-mortgage situation than this bill can possibly do, yet we must all realize that neither this bill nor any other mortgage-relief legislation can solve the entire farm problem. The mortgage situation is only one part. It is only one of many problems that are confronting the farmers of this country today. It is all right at this time to express our hope and desire to support some other legislation that we think would do the job better than this bill, yet the fact remains that this is the only bill before us at this time, and the House, by a large majority of its membership, has voted to consider it without amendment, thereby indicating that it desires to take this bill as it is. Since that is the situation, I am not going to take the time of the House this afternoon in indulging in any lamentations as to what I should like to do if I had my way about it, but I am going to discuss, as briefly as I can, some of the provisions of this bill.

It must be conceded at the outset that if we could wipe out, by legislation or any other way, the entire farm-mortgage debt of this country, we would solve but a small part of the farmers' problems. With prices of farm products as they have been for the past 2 years practically no farmer has been able to secure enough income to pay his current operating costs, to say nothing of overhead such as interest and taxes. Therefore, it is very obvious that as long as present prices continue we can only at best partially relieve the farmer by cutting down indebtedness or taxes.

Mr. BRIGGS. Will the gentleman yield for a question?

Mr. HOPE. Briefly; yes.

Mr. BRIGGS. This bill does not in itself provide for what is known as "a moratorium on debts", does it? I mean, generally, on mortgage indebtedness?

Mr. HOPE. Only to the extent that it provides for a 5-year moratorium on amortization payments.

Mr. BRIGGS. In other words, it dispenses with amortization for 5 years?

Mr. HOPE. On mortgages now held by Federal land banks, and also provides that under certain conditions, money may be loaned by the Reconstruction Finance Corporation to the joint-stock land banks on condition that they hold off foreclosures for 2 years on the mortgages which they hold.

Mr. BRIGGS. Its principal relief is intended by way of inducement, rather than by fiat or decree of moratorium?

Mr. HOPE. Yes.

Mr. BRIGGS. May I ask the gentleman a further question? Has the committee made any estimate of the savings that will be brought about by this legislation to the agricultural interests of the United States by reason of scaling down of mortgages and by the reduction in interest rates?

Mr. HOPE. I do not know of any figures that have been compiled, and I do not know how any figures could be compiled to cover the savings that might be expected to be made from a scaling down of indebtedness, because that is so problematical it would be pure speculation.

Mr. BRIGGS. I have heard some estimates made of between two and three billion dollars by reason of the changes in the interest rates without regard to any scaling down of the indebtedness.

Mr. HOPE. Well, that might be true over a long period of years. As far as interest rates are concerned, I might say that the present average interest rate on farm indebtedness is 6.1 percent for the entire country. This bill provides for, at least for the next 5 years, all mortgages which are refinanced under the terms of this bill, except certain direct loans by the Federal land banks, shall bear not to exceed $4\frac{1}{2}$ percent interest. That, of course, will set an example which, to some extent, will be followed by other mortgage companies and lending agencies, so that if we were to assume that at least one half of the farm mortgages of this country would have a reduction in the average amount of interest paid from 6 percent to $4\frac{1}{2}$ percent that in itself would be a considerable benefit and amount to a large sum over a period of years.

I want to point out how I think the present measure will operate, but before going into that phase of the situation I think it might be well to call attention to the general farm-mortgage situation. Contrary to what seems to be a prevalent impression, a majority in number at least of our farms are not incumbered by mortgage indebtedness. The figures which I am about to quote, unless otherwise indicated, are taken from House Document No. 9, being a report based on a study made by the Department of Agriculture pertaining to farm-mortgage indebtedness. This is by far the most accurate and complete survey of the farm-mortgage problem which I have had the opportunity to examine, and I feel that Congress is very much indebted to the Department for this splendid contribution to the available information on this subject.

These figures indicate that the farm-mortgage debt of the country rests upon only 40 percent of the farms. In other words, three fifths of the farms of this country are free of mortgage. Furthermore, in 1930 the farm-mortgage indebtedness of the country constituted only 20 percent of the value of all farms. While there has possibly been some change in this situation during the past 2 years due to a further decline in real-estate values, yet it must be recalled that the farm-mortgage indebtedness of the country has also declined about 10 percent in the same period of time, so that I think the figures above given are approximately correct as of today. There are certainly few, if any, other industries in the country which can show as small a proportion of mortgage indebtedness as is the case of agriculture. Of course, it must be recalled, also, that there is some \$3,500,000,000 worth of agricultural indebtedness which

is not included in the farm-mortgage debts; but to offset this, of course, there is the large amount of personal property used for agricultural purposes which in most cases is security for this floating indebtedness.

Mr. BLANCHARD. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. BLANCHARD. On what basis do they determine the valuation of the farm lands?

Mr. HOPE. The figures are compiled by the Department of Agriculture from the reports of the Bureau of the Census, and are included in House Document No. 9, to which I have heretofore referred. I cannot at this time, however, state what basis the Bureau of the Census used in determining the value.

If this 20 percent of mortgage indebtedness which is mentioned above were spread out equally over all the farms of the country, it would constitute much less of a problem than it does today. The great difficulty is that this indebtedness is concentrated on only a part of our farms, and even on this part the distribution is very unequal. The results of a special inquiry made by the Department of Agriculture as of January 1, 1932, indicate that 25 percent of the mortgaged farms of the country are indebted for 25 percent or less of their value; 38 percent were mortgaged for between 25 and 50 percent of their value; 21 percent were mortgaged for between 50 and 75 percent of their value; 11 percent were mortgaged for between 75 and 100 percent of their value; and 5 percent were mortgaged for more than 100 percent of their value. In the time which has intervened since these figures were compiled it is no doubt true there have been some changes in the debt ratio. Nevertheless it is no doubt still true that more than half of the mortgaged farms of the country are mortgaged for less than 50 percent of their value and that more than three fourths of them are mortgaged for less than 75 percent of their value. Any consideration of the ratio of mortgage debt to value would not be complete without pointing out that the proportion of farms with high debt ratios at the time these figures were compiled was largest in the west North Central States, where 8 percent of the mortgaged debtors reported mortgage debts in excess of their farm value, 22 percent in excess of 75 percent of their farm value, and 46 percent equal to more than half of their farm value. These figures further illustrate, of course, that it is the inequality, particularly of the distribution of the farm indebtedness, which makes it such a problem today.

As heretofore stated the average rate of interest on farm mortgages throughout the United States is 6.1 percent. The average rate of interest charged by Federal land banks throughout the United States is 5.5 percent and by joint-stock land banks 5.9 percent. These figures were taken for the year 1928 but are believed to be approximately correct for the present time. As of January 1, 1928, the percentage of farm-mortgage indebtedness held by the Federal land banks was $12\frac{1}{2}$ percent and by the joint-stock land banks 7 percent. The percentage of joint-stock loans is probably somewhat lower at the present time.

The annual amount of interest paid in farm mortgages is now something over \$500,000,000. For 1931 it was estimated at \$520,000,000.

Now, with these particular figures in mind, I want to point out just what it is intended that this bill shall do. Of course, no one knows how any piece of legislation will work out in actual practice, and the only thing we can do at this time is to point out the theory of the bill and indicate what the results will be if it operates as intended. It is, of course, expected that the \$2,000,000,000 in bonds to be issued, bearing 4 percent interest, which interest is guaranteed by the Government, can be sold at par. The bill provides that they shall not carry more than 4 percent interest. If they can be sold at par, carrying a lower interest rate, there is no doubt but that it will be done and the benefits passed on to the borrower. Now, getting down to just what the bill will do, let me first call attention to the fact that it provides that for the next 5 years interest on Federal land-bank loans, both old loans and those made under the provisions of this act, shall not exceed $4\frac{1}{2}$ percent per annum.

Furthermore, that no payment of the principal shall be required during this 5-year period if the borrower is not in default on any of the provisions of the mortgage. This means a flat reduction of 1 percent to the average Federal land-bank borrower together with a moratorium for 5 years upon the amortization payments. Thus we can say for a certainty that the approximately 12 percent of the farm mortgage indebtedness of the country, which is held by the Federal land banks, will have the interest on it reduced on an average of 1 percent, and the borrower will have a 5-year moratorium on any payments of principal.

As far as joint-stock land-bank borrowers are concerned, it is assumed that they will benefit from the provision for loans from the Reconstruction Finance Corporation, which loans can only be made upon the agreement of the bank to reduce its interest rate to 5 percent and to agree not to foreclose for a 2-year period except in exceptional circumstances such as abandonment of the land by the owner. Thus, the owners of 6 or 7 percent of the farms in this country which are mortgaged to the joint-stock land banks will receive a reduction in interest of approximately 1 percent and will secure a 2-year moratorium against foreclosures. Therefore, irrespective of how the remainder of the act may work out, I think we can say that there are assured some very definite and concrete benefits which will go to borrowers from the Federal and joint-stock land banks.

However, those are not the borrowers who are in the most distress today, and this bill would be very incomplete indeed if it did not offer other and further relief. I believe that it does. Title I provides that Federal land banks may use the \$2,000,000,000 which it is expected will be raised from the sale of bonds to reduce and refinance existing farm mortgages by exchanging bonds for these mortgages or using the proceeds of the bonds to buy outstanding farm mortgages on the best terms possible. When these mortgages are taken over, the land bank will give the borrower the benefit of whatever reduction has been secured in the way of principal and will make a new loan under the terms of the Federal Farm Loan Act at a rate which must not exceed 4½ percent for the first 5 years and with no payments required during that period on the principal. Where local farm-loan associations do not exist, loans may be made direct at a rate not to exceed 5 percent per annum, but the borrower is given the opportunity as soon as there are 10 or more borrowers in any vicinity to cooperate with other borrowers in organizing a farm-loan association, to have his interest reduced to not to exceed 4½ percent. It is the theory that it will be possible in many instances for the Federal land bank to take over mortgages at less than their face value, and in this way the owner will not only secure a reduction in the interest charges which he is paying but in the principal amount of the mortgage as well.

In my opinion, this bill will fall far short of being a success unless it is possible in many cases to scale down the amount of the mortgage indebtedness. Those who have made careful investigation of the matter assure us that in a considerable proportion of cases it will be possible to scale down this indebtedness to a substantial degree. A further and possibly more effective provision for scaling down existing mortgage indebtedness is contained in title 3, which provides for loans totaling \$300,000,000 by the Reconstruction Finance Corporation through the Farm Loan Commissioner. These loans may be secured by a first or second mortgage upon the whole or any part of the farm property, both real and personal, including crops, and may be used for the refinancing of farm indebtedness, providing working capital, or to enable a farmer to repurchase or redeem farm property owned and occupied by him as a home and which has been lost through foreclosure within 2 years prior to the enactment of this act or within 2 years after the loss of such home. Loans under this section may be made up to 75 percent of the value of the property, but are limited to \$5,000. It is my opinion that this section, if wisely administered, may be used very effectively in the scaling down of farm indebtedness and a refinancing of the same. To give a practical illustration, suppose the case of

a farmer who has a farm worth \$12,000 and a mortgage on it of \$10,000. Under the provisions of the amendment to the Bankruptcy Act, which was passed in the last Congress, or by direct negotiations with the lender he may be able to get the lender to agree to scale down the amount of the mortgage. Under this section he could go to the lender and say, "If you are willing to scale down your \$10,000 mortgage to \$8,000, I think I can borrow enough through the Farm Loan Commissioner to pay you \$2,000 cash and give you a new first mortgage for \$6,000, at 4½ percent interest, which is the amount charged now by the Federal land banks. Then the borrower can go to the Farm Loan Commissioner, make application for his \$2,000 loan; and inasmuch as this loan, together with the \$6,000 first mortgage, will not exceed 75 percent of the value of the land, there is no reason why the Farm Loan Commissioner cannot make it, provided other requirements are met.

The Government will be protected under its second mortgage in these circumstances, because the mortgage holder, before getting this new mortgage for \$6,000, must agree to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer for default in payment of principal. Of course, that is not the only way in which the principal of the farm-mortgage indebtedness might be cut down. It could be done under the provisions of section 2 through a loan direct from the Federal land bank, but those loans are limited to 50 percent of the value of the land plus 20 percent of the value of the insured improvements so that in some cases those provisions would not be of value. Keeping in mind, however, as I heretofore stated, that approximately 63 percent of the mortgaged farms of this country were in 1932 mortgaged for less than 50 percent of the value and that 84 percent were mortgaged for less than 75 percent of their value, it can be seen that under the provisions of both title 1 and title 3 there is an abundant opportunity for a substantial scaling-down of farm indebtedness. In addition to this, the provisions of title 3 give a farmer an opportunity to provide working capital for his farming operations although, personally, I hope that provision of this measure will not be used to increase the long-time indebtedness of agriculture. Rather, I shall consider the bill a great failure if it does not have the effect of reducing the amount of long-time mortgage obligations.

Title 4 of the act provides for loans through the Reconstruction Finance Corporation to drainage, levee, irrigation, and similar districts. It might be thought that such a provision has no place in a bill of this kind, but in the opinion of those who have given consideration to the matter it has a direct connection in that in many cases where taxes and assessments for these districts are in default they constitute a prior lien against the land which makes impossible any refinancing. It is the thought that by the medium of these loans some districts may be able to reduce their indebtedness and refinance themselves in such a way as to permit farmers holding land in the districts to take advantage of the provisions of this act and refinance their own farms.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. BRIGGS. The basis that the gentleman is giving for loan value, as I understand it under this bill, is, however, based on reappraisal of the property as of the present time. Is not that correct?

Mr. HOPE. It is based on an appraisal at the time the loan is made.

Mr. BRIGGS. That is what I meant. It is not based with reference to a former mortgage indebtedness?

Mr. HOPE. No. It is on the basis of an appraisement which will be made at the time the loan is made.

Mr. SWICK. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. SWICK. Will the gentleman tell us how many of these farm mortgages are now in default?

Mr. HOPE. I cannot give the gentleman that information. As far as I know, there is no information upon it. The Federal land-bank mortgages and the joint-stock land-bank mortgages are about 50 percent in default, as I un-

derstand it at this time, and I imagine that the same percentage probably holds true of mortgages made by other lending agencies. I have no figure to support that, however.

Mr. SWICK. Has the gentleman any figures as to how many have been foreclosed?

Mr. HOPE. No; I have no figures as to that. In this document I refer to, there are some figures indicating the proportion per 1,000 farms that have been sold under forced sale for several years past. I cannot give those figures just now, but I should be glad to include them in an extension of my remarks.

Mr. SWICK. I understand the gentleman from Pennsylvania [Mr. STOKES] has those figures.

Mr. STOKES. I understand from the Department of Commerce that approximately 4 percent of the farm mortgages were foreclosed in 1931.

Mr. HOPE. That sounds like a reasonable figure. I think that is in line with the figures that I have here as to the proportion per 1,000 which have been sold under forced sale. The figures above referred to are taken from House Document No. 9 and are as follows:

TABLE 19.—Number of farms per 1,000 changing ownership by various methods, by geographic divisions, 12 months ended Mar. 15, 1926-32

Type of sale and year	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific	United States
Foreclosure of mortgage, bankruptcy, etc. ¹										
1926.....	9.3	8.8	15.7	29.5	14.0	12.4	15.3	40.4	16.7	17.4
1927.....	8.6	8.8	16.6	26.4	14.1	15.9	16.1	35.8	15.6	18.2
1928.....	7.7	8.4	16.5	27.3	16.4	14.6	14.4	27.4	15.7	17.6
1929.....	7.3	8.4	15.8	22.3	14.0	11.2	12.0	18.3	13.6	14.8
1930.....	7.3	9.6	17.5	23.3	14.8	11.2	13.4	18.2	12.2	15.7
1931.....	6.3	9.2	19.3	25.8	19.4	15.9	16.3	22.6	19.6	18.7
1932.....	10.3	12.4	27.8	43.8	26.1	24.6	27.0	27.0	26.8	28.4
Total forced sales:										
1926.....	13.8	11.8	18.9	30.8	19.5	16.4	18.7	50.2	20.6	21.6
1927.....	12.4	11.8	20.4	32.0	21.0	21.7	19.9	45.3	20.1	23.3
1928.....	10.7	11.8	20.7	32.4	23.3	20.0	18.5	39.4	19.9	22.8
1929.....	10.9	12.0	19.1	25.9	23.0	15.2	15.2	29.1	17.5	19.5
1930.....	11.2	13.1	22.3	27.5	23.2	16.1	16.8	29.4	15.2	20.8
1931.....	9.7	13.8	24.0	31.3	32.2	25.9	22.4	36.4	25.0	26.1
1932.....	15.5	18.0	34.3	52.5	47.1	50.6	40.2	43.5	37.6	41.7

¹ Including loss of title by default of contract, sales to avoid foreclosure and surrender of title or other transfers to avoid foreclosure.

I may say that in the last 2 years the farm-mortgage indebtedness has been reduced approximately \$1,000,000,000, mostly through foreclosure and forced sales or by a scaling-down of the amount of the indebtedness.

Mr. DURGAN. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. DURGAN. The hope is that the scaling down will apply to past-due paper, principally?

Mr. HOPE. Yes; that is naturally where one would expect it to apply most generally, because the man who is paying interest on his mortgage and who has a large equity in his land has not much of a lever with which to get the holder of the mortgage to scale down the amount.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. JOHNSON of Texas. The gentleman is a member of the committee and therefore is familiar with the bill. Does he think the bill as framed will cause any considerable scaling down of farm indebtedness?

Mr. HOPE. I feel there is going to be considerable scaling down. I am basing this opinion very largely upon information that was given to the committee by those who prepared this bill and those who made some study of the farm-mortgage situation.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. PIERCE. Will the gentleman point out any provision of the bill that assures the mortgagor of any such scaling

down? Is it not entirely voluntary upon the part of the mortgagee, and the situation is not altered in the least? If there is any provision in the bill by which the mortgagor could force a scaling down, I should be delighted to see it.

Mr. HOPE. If the gentleman means whether there is any provision which would force the mortgagee to scale down a mortgage, of course there is no such provision in the bill and this Congress cannot pass any such law.

Mr. PIERCE. Is there any provision anywhere to give the mortgagor any help when he comes to the court of arbitration to ask for a scaling down? If there is, I fail to find it.

Mr. HOPE. Can the gentleman suggest any legislation we could pass which would force a mortgagee to scale down his mortgage—I mean any legislation that would be constitutional?

Mr. PIERCE. I think it could have been done.

Mr. HOPE. Can the gentleman suggest how?

Mr. PIERCE. I think the bill could have been amended.

Mr. HOPE. I did not hear the gentleman offer any amendment in committee which he could have done as a member thereof.

Mr. DOXEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. DOXEY. I do not want to trespass upon the gentleman's time; but in answer to the inquiry of the gentleman from Oregon, title IV states that in the refinancing of these drainage bonds it will be necessary in the adjustment between the owner of the bond and the man who owes the debt that the average price for 6 months prior to March 1, 1933, shall be the basis of the adjustment. This prevents the owners of the bonds from hiking these bonds up, feeling that because the Government is interested they can get par, whereas they are now selling from 20 to 30 cents on the dollar. That is one of the provisions of the bill.

Mr. PIERCE. Mr. Chairman, will the gentleman yield further?

Mr. HOPE. I yield.

Mr. PIERCE. That is entirely a provision relating to irrigation districts, not to the joint-stock land banks or to the Federal land banks.

Mr. DOXEY. I was answering the gentleman's question as to the provisions of the bill.

Mr. PIERCE. I see no provision in the bill which will compel any material reducing of the debt.

Mr. HOPE. Let me say there is no provision in the bill that compels the holder of a mortgage to scale down the mortgagor's indebtedness. Any arrangements made along this line will have to be voluntarily arranged between debtor and creditor. In my judgment, Congress cannot pass any bill to compel a creditor to scale down the indebtedness. Of course, a debtor can always take bankruptcy if he wants to go to that extent.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. BRIGGS. As I understand, many of the lenders of money to the farming interests of the United States are rather desperately in need of money themselves now to meet their own obligations, and this bill offers a means, based upon present value, of their getting funds upon this basis. This will mean less, perhaps, than was originally loaned, and it will mean also that the agricultural interests will get the benefit of this reduction. Is this correct?

Mr. HOPE. That is correct, and that is the theory, at least, upon which the provisions of the bill were drawn.

[Here the gavel fell.]

Mr. HOPE. Will the gentleman from New York yield me 5 additional minutes?

Mr. CLARKE of New York. I yield the gentleman from Kansas 5 additional minutes.

Mr. DURGAN of Indiana. Will the gentleman kindly explain and interpret the phrase "normal price" as it appeared in the bill?

Mr. HOPE. The word "normal" is not in the bill at the present time. I think the gentleman saw a copy of the bill before it was amended in the committee.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Briefly.

Mr. MARTIN of Oregon. Has the gentleman any estimate of how much this scaling down of the debts will amount to, how much salvage there is going to be from the scaling down of these debts?

Mr. HOPE. I do not know how one can get any accurate figure on that because every debt is going to have to stand on its own basis. We had a man appear before the committee, a farmer from Michigan. He told the committee that the party who held a mortgage on his farm had offered to scale it down 40 percent for cash. I do not believe there are many cases where a debt can be scaled down this much, but I do know there must be thousands and thousands of cases where mortgage holders would be glad to get 70 or 80 percent of the amount of their mortgages if they could get it in the form of cash.

Mr. MARTIN of Oregon. I have heard estimates running as high as \$1,000,000,000.

Mr. HOPE. I think that is probably within reason.

Mr. PIERCE. Mr. Chairman, will the gentleman yield for a further question?

Mr. HOPE. For a very brief question.

Mr. PIERCE. Is it not true that where the sum is not insufficient the mortgagee will take his pound of flesh?

Mr. HOPE. Naturally. The biggest inducement for the mortgagee to cut down the amount of his mortgage is his own self-interest. If he thinks that he can get more out of his mortgage by taking cash now, if he has more interest in getting cash now and does not want to get the land by letting it go to foreclosure or forced sale, he will naturally be more interested.

The man who, perhaps, has a mortgage which is worth 25 or 30 or even up to 50 percent of the value of the land is not going to be interested in scaling down that mortgage nearly as much as the man who has a mortgage that is worth 75 or 80 percent of the value of the land, and this is a feature which, of course, operates for the benefit of the distressed debtor, because the more distressed he is the more likely it is he can get some relief under the provisions of the bill, assuming he can come within the provisions of title 3, which says the loan must not exceed 75 percent of the value of the security.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. HOPE. I yield to the gentleman from New York.

Mr. CLARKE of New York. Does not the gentleman think that if you dangle in front of that man real cash or Democratic promises, he will grab for the cash? [Laughter.]

Mr. HOPE. I think that is right. I would give almost anyone credit for having that much good judgment.

Mr. BRIGGS. Will the gentleman yield for another question?

Mr. HOPE. Yes; briefly.

Mr. BRIGGS. It is perfectly true now that throughout the country many of the holders of these mortgages are themselves seeking moratoriums at the hands of the States and others and that cash to them is far more vital than the acquisition of these farms or the operation of them, which would only give them a lot of frozen assets.

Mr. HOPE. I do not think there is any doubt about that.

Mr. BRIGGS. And this, in turn, would be an inducement to utilize this bill to scale down a great deal of the indebtedness in the farming communities.

Mr. HOPE. I do not think there is any question about that.

Now, as I said in the beginning, all of us would like to see more done toward the solving of farm-mortgage problems than can possibly be accomplished under this bill. That does not, however, detract from the fact that this bill has within it the possibilities of accomplishing some very substantial relief. I was very much impressed with the statements of Governor Morgenthau, Dr. Myer, Mr. Bestor, the Farm Loan Commissioner, and Mr. Evans, counsel for the Federal Farm Loan Board, before the Committee on Agriculture. These statements showed a most thorough and

careful consideration of the entire farm-mortgage situation and indicated a desire on the part of those who will administer the act to do so in a helpful and sympathetic way. This act alone will not solve the farm problem, but I believe that if as much can be done along the line of reducing farm taxation, of reducing transportation costs, in increasing the price of farm commodities, and in securing a better market for farm products both at home and abroad as this measure may be expected to do in meeting the farm-mortgage situation, that we can well say that substantial progress has been made in agricultural rehabilitation.

I, therefore, see no reason why anyone should refuse to support this bill because it does not do all that he thinks it should do. Rather, I choose to support the bill because of the things I know it will do in solving the farm problem. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. FLANNAGAN].

Mr. FLANNAGAN. Mr. Chairman, I am going to support this bill because I think most of its provisions are in the interest of the farmers of this country.

I am indeed sorry that this bill contains section 202. In my opinion, section 202 of this bill is not legislation proposed for the benefit of the farmers of this country, but is purely a bankers' section inserted in this bill for the protection of the stockholders of the joint land banks. I want to give you a picture of just what I believe will happen under section 202 of this bill.

Under section 202 we propose to turn over to the joint land banks \$100,000,000 of the taxpayers' money. For what purpose? For the purpose of liquidating the joint land banks. Now, how will this operate? The joint land banks can take \$100,000,000 of the taxpayers' money and, in my opinion, buy \$300,000,000 of their outstanding bonds; and when they do this we are enabling them to use the taxpayers' money to make a profit of at least \$200,000,000.

Mr. HOIDALE. Will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. HOIDALE. Is it not true that the parties who will furnish this money have the right to prescribe the rules and regulations with respect to the use of it?

Mr. FLANNAGAN. I succeeded in getting that amendment added to the bill in committee, but I do not think it will take care of the situation.

Now, what is the situation? When we turn the money over to the joint land banks you will find that the market will be a restricted market. There will only be one purchaser for the joint land bank bonds, and that will be the joint land bank, because the people know these banks are going to be liquidated and no one is going to buy the bonds. You are permitting the joint land banks to hammer these bonds down to 25 cents or 30 cents on the dollar and to reap the profits.

What I think should be done is this: I believe that the farmers of this country should have the right to buy joint land bank bonds and offset these bonds against their paper that the joint land banks hold.

Mr. CLARKE of New York. Will the gentleman permit a question right there?

Mr. FLANNAGAN. Yes.

Mr. CLARKE of New York. Have not those bonds already advanced 10 points on the strength of this bill?

Mr. FLANNAGAN. These bonds, in view of this legislation, have gone up 10 points, but let me tell the gentleman that the joint-stock land banks of this country have made a profit of over \$25,000,000 in the last 2 years by buying their own bonds.

Mr. McGUGIN. Will the gentleman yield?

Mr. FLANNAGAN. I yield to the gentleman from Kansas.

Mr. McGUGIN. I am in full accord with what the gentleman says, and I think it would be a most valuable amendment to this bill if there were a provision whereby the mortgagors could buy these bonds and turn them in against their indebtedness, but due to the abominable gag rule passed yesterday we cannot offer any such amendment, can we?

Mr. FLANNAGAN. We are unable to get an amendment offered on the floor.

Mr. PIERCE. Will the gentleman yield?

Mr. FLANNAGAN. I yield.

Mr. PIERCE. On the constitutional question discussed by the gentleman from Kansas [Mr. HOPE] a moment ago, the gentleman stated there is no constitutional way by which we could provide that such a benefit could be passed on to the mortgagor. Could it not have been passed on by providing that the joint-stock land bank should not be supplied with money to purchase these bonds unless it passed the benefit on, the same as we provided that it had to cut its interest down, and would not that be constitutional?

Mr. FLANNAGAN. Let me say to the gentleman that the Banking and Currency Committee passed on that very question and reported that it could be done within constitutional limitations. Under the present law the joint-stock land banks can go out and buy these bonds.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CLARKE of New York. I yield the gentleman 5 minutes more.

Mr. FLANNAGAN. Under the present law the joint land banks can go out and buy their own bonds and substitute the bonds for any paper they choose held by the trustee in trust for the benefit of the bondholders. When you extend the right of substitution to the mortgagors over the country what are you doing? You are broadening the bond market, you are bringing into existence thousands of bond buyers, and under the present law you have only one buyer of the bonds of the joint land bank, and that is the bank itself.

Let me give you the picture of the present set-up of these joint land banks.

The joint land banks hold farmers' paper in the sum of about \$460,000,000. Against that paper they have outstanding in bonds \$430,000,000. This gives them an equity of \$30,000,000. You turn over the \$100,000,000 to them and then what will be the set-up? They will take the \$100,000,000 and buy \$300,000,000 of bonds, and their liability will then be \$130,000,000 to the bondholders and \$100,000,000 to the Government, and what will their assets be? They will still have \$460,000,000 in the form of assets. So they have made a profit of \$200,000,000, and that is only the first step. Let me give you the second step.

Mr. KNUTSON. Will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. KNUTSON. Was all this information which the gentleman is giving us available to the committee when it framed the bill?

Mr. FLANNAGAN. It was available, and I fought over this matter with the committee for several days.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. MARTIN of Colorado. Will the gentleman kindly state to us what provision he would add to the bill to give the mortgagors the advantages he speaks of?

Mr. FLANNAGAN. Before I do that let me give you the second set-up. They have a profit of \$200,000,000. You will find that over 50 percent of this mortgage paper held by the joint land banks is good paper—that is, paper on which no default has been made on either the interest or installment payments. The presumption is that the paper is worth 100 cents on the dollar.

By this bill they can take half of the notes, which we all know to be good, take them to the Federal land bank and get \$230,000,000 in cash. Then what will they do? They will take \$100,000,000 of the money and pay off the Government loan and use the other \$130,000,000 to buy up the balance of the bonds, and if they had to then pay dollar for dollar for the bonds they would have enough money.

After this is done the joint land banks would have left \$230,000,000 in mortgage paper, which will give them a paper profit of \$200,000,000.

Under this bill the farmers are not being benefited, the bondholders are being robbed out of their bonds, and the only beneficiary will be the stockholders in the joint-stock

land banks. Let me tell you why, in my opinion, the effort is being made by the joint land banks to put this section through. There is a double liability on the stockholders in the joint-stock land banks, the same liability that exists under the national banking law, and this is an effort on behalf of the stockholders of the joint-stock land banks, and these banks are all insolvent, to not only save themselves harmless from loss but to make their stock worth over par.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. MARTIN of Colorado. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 5 minutes outside of the time allotted for general debate. This is the most informative talk that I have heard on this bill.

Mr. JONES. Mr. Chairman, the time has been fixed by the House, and the Committee cannot change that. I yield the gentleman 2 additional minutes.

Mr. FLANNAGAN. Let me in that brief time try to answer the inquiry propounded as to how we can save the farmers of America. Here is the way you can do it. Give them the right to buy the bonds at 30 or 40 cents on the dollar, whatever the market price is, and then give them the right of substitution. Give them the right to take the bonds to the joint-stock land banks and get their paper in exchange. When you do this, you will help both the bondholders and farmers. What will be the result? You will then have an active bond market for these bonds, which will put the bonds up. You will have every farmer in America who has given a mortgage to the joint-stock land banks bidding on the bonds, and this will help the bondholders, and you will help the farmers by giving them the right to buy the bonds and exchange same for their mortgage notes.

Mr. MCGUGIN. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. MCGUGIN. That is just the ordinary law of counterclaim.

Mr. FLANNAGAN. Absolutely; and the law of counterclaim applies whether the claim is due or not due in the case of insolvency.

Mr. ROBERTSON. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. ROBERTSON. Is it not a fact that the attorneys of the land banks proposed this plan because they said as these bonds were not due the farmer who bid them in could not require the bank to accept them in discharge of his obligation?

Mr. FLANNAGAN. That is what they say, but the Supreme Court of the United States has held otherwise in case of insolvency. In case of insolvency you can set off a matured obligation against one that has not matured, and every one of these banks is insolvent, and the bill admits their insolvency and says that we are turning over the \$100,000,000 to the banks in order that they may liquidate.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. FLANNAGAN. Yes.

Mr. PIERCE. In the bill we provide that before they take advantage, they have to give the mortgagor 1 percent reduction in his interest. Why could they not have been obliged to give the same reduction to the mortgagor that the market for the bonds or the stock they purchased would give?

Mr. FLANNAGAN. I say that section 202 is not a farmer's bill but is a banker's bill. [Applause.]

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. JONES. Mr. Chairman, I yield myself 3 minutes. I was very much taken with the ideas suggested by the gentleman from Virginia [Mr. FLANNAGAN], because I would like to see that course of procedure adopted, but the legal counsel which the committee had available advised us that the courts had decided that you could not offset a nondue obligation against a due obligation, because in financing a bank or any other institution the purpose of its borrowing money is usually to get immediate operating funds. They advised us that the courts had uniformly held that those offsets could not be made. I then asked, as members of the com-

mittee will remember, whether we could not then require them to accept these bonds on deferred obligations or installments, and they again said that the bondholders having an interest in those banks had a right to prevent an offset of a nondue obligation against a due obligation. Here was the main purpose in giving it out. These banks are to be liquidated.

Regardless of what the gentleman from Virginia [Mr. FLANNAGAN] said, if he will take the present status of the banks into consideration, he will see that those stockholders are not going to make any money out of this. There does not seem to be a chance in the world for that, at least not unless there should be a great increase in the farm price level all along the line. Otherwise there is much more likelihood of an assessment.

Here is a danger in these matters. If farmers should go out and buy some of these bonds in the expectation that they could tender them, and then if it were knocked out by the courts, we would have a great deal of grief. These joint-stock land banks are going to be liquidated, and nobody is going to make any money out of them. I understand that one of the States undertook to pass just such a law, and some farmers and others anticipating, went out and got some of the bonds and were much disappointed when their hopes were not realized. It is hoped that this bill will be of great advantage to the farmers. It would not seem wise to take a chance on having an illegal provision in the bill. I wish it might be done. It might be written in as a condition to future issues, in which event it could be made effective.

Mr. FLANNAGAN. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. FLANNAGAN. Does the gentleman controvert the proposition that an obligation that has matured may be offset against one that has not matured in the case of insolvency?

Mr. JONES. I have not had a chance to look up those decisions, but they all tell me you could not do it in those cases. I do not know.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has expired.

Mr. JONES. Mr. Chairman, I yield myself 1 additional minute.

Mr. DARDEN. Will the gentleman yield?

Mr. JONES. I yield.

Mr. DARDEN. Why is it necessary to include the \$100,000,000 in this bill when it does not grant any relief to the farmers that is not given in the following section?

Mr. JONES. Oh, it states that they must reduce the interest for the life of the loan from 6 percent to 5 percent.

Mr. DARDEN. The bill says 2 years.

Mr. JONES. No. It is for the whole life of the loan. Then it also provides that they shall not foreclose for a period of 2 years.

Mr. McGUGIN. Will the gentleman yield?

Mr. JONES. I yield.

Mr. McGUGIN. Granting that under the ordinary rules of law you could not offer a nondue debt as a counterclaim for a due debt, yet we could put this provision in the bill that as a condition to their receiving this \$100,000,000 they would have to agree to that.

Mr. JONES. Well, I took that particular question up, hoping that that might be done, and they still said that the banks borrow the money and any outstanding bondholder could object to that procedure and could bring an injunction proceeding to stop it. I did not want to complicate the bill. I would like to see it done myself, but I do not want to take a chance on having the bill declared unconstitutional.

The CHAIRMAN. The time of the gentleman from Texas [Mr. JONES] has again expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 15 minutes to the gentleman from "out where the tall corn grows" [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, I have supported practically all progressive and remedial legislation that has been

offered in the last two sessions of this Congress. We have now come to the question of farm-mortgage relief, and something has been said about helping the home owners. Why should not the farmers help the home owners to save their homes? Of course they should. I want to help them as well. I have been voting for the whole agricultural program, for the tobacco fields and cotton fields of the South and the beet fields of the West and the potato fields of the North. Why not? The time has now come for us to help all of our people who are oppressed by farm mortgages, and we ought not to be sectional. We will go along with you and we want you to go along with us. This bill is not going to do as much good as I have tried to get and have hoped to get for the farmers of Iowa, and the cornfields of our State.

I regret exceedingly the adoption of the rule under which this bill must be considered whereby we cannot amend it in the slightest particular. My friends on the other side of the aisle have made a most serious mistake in refusing to allow amendments. The bill is not sacrosanct. Although the bill has glaring defects, we cannot remedy it. Those of us who have been joining with you in farm-relief measures are not to be allowed to make a single change in the meaning or even the language of the bill. Cannot you trust the vast majority that you have here? There does not seem to be a single Member of this Congress who has spoken about the bill or who has talked about it either in committee or out of committee who thinks the bill is just exactly what it ought to be. Every one of us wants to amend it, and I am convinced that a majority is ready to agree upon some very helpful amendments if they could be allowed to do so. But the gag rule is on. Ever since I have been here I have tried to do away with gag rules. I want to liberalize the rules so that the Government will be returned to the people's representatives and not be left in the hands of an oligarchy. I have tried to get roll calls so that the people would know exactly what their representatives are doing. And now this piece of legislation comes on without a single chance to amend it or change it or rewrite it so that it would really repair the devastation that burdensome farm mortgages has wrought to the agricultural people of this country. I was one of those who signed and helped to write the minority report which points out glaring defects and suggests amendments to remedy them.

The bill will not do the good that it ought to do for my district and State. If it does some good, no matter how small it may be, I shall feel justified in voting for it. If it lightens their heavy load, even in a small degree, we should be for it. But now is the time and here is the place to grant real relief to our farmers, and you are not doing it. You are shirking your duty. The bill will probably permit a few crumbs or morsels to fall from Dives' table into the lap of our bankrupt farmers. But the bill will prove to be a great disappointment to our farm people, because they are asking for real help and you are not giving more than secondary assistance.

I want first to talk about the subject of offsets which has just been mentioned by the gentleman from Virginia [Mr. FLANNAGAN] and by the chairman of the committee [Mr. JONES]. As I have said, I was one of those who signed the minority report, and if you will read it you will discover that we discussed this very question. Ever since I have been here I have been receiving letters from farmers in distress saying, "Why do you not allow us to buy at cheap current prices the bonds of the Federal land banks and joint-stock land banks and then offset them against our debts?" I have uniformly replied, saying that I was for their proposition, but that there was doubt as to the constitutionality of such a measure, for the reasons pointed out by the chairman, and because a debt actually due cannot be offset with a nondue debt. When I sue you upon a debt that is due you cannot offset against me a debt that is not due for 20 years. That seems to be fundamental.

But, Mr. Chairman, section 2 of this bill provides for certain things to be done in the interest of the banks. It provides that they shall receive certain favors. If they want

to get these favors, they can be required to give what the lawyers call a "consideration" for them. There are already two propositions in the bill that they must comply with before they can get this \$100,000,000 appropriation. Page 14 of the bill sets them out, and says that they must first grant to each borrower 5 percent interest per annum; and, secondly, they must agree to a moratorium for a period of 2 years. Now, I want to state the position of my chairman fairly. Let me say that he is a wonderful chairman and is most fair and courteous in his treatment to all of us, both on the floor and in the committee; but that does not mean that we must always agree with him. It is true that in the committee the general counsel for the Farm Loan Bureau was asked about this right of counterclaim or offset. He gave it as his opinion that Congress could not in an outright manner require the banks to grant that right. But he did not say that the banks cannot be required to do so as a consideration for the benefits and favors that are given to them. It is admitted that we can compel these banks to cut down the interest rate in order to get these favors. It is admitted that we can compel them to grant a moratorium against foreclosures for 2 years in order to get the benefits that we are awarding to them; and I assert without any fear of successful contradiction that for the same reasons we can lawfully and constitutionally require them to admit the right of offset or counterclaim in order to get the \$100,000,000 appropriation so generously provided for them in the bill.

The distinguished gentleman from Virginia [Mr. FLANNAGAN] pointed out how under this bill enormous profits will be made by the joint-stock land-bank system. I firmly believe he is right, and that the bill favors the joint-stock land banks as much at least or more than it does our farmers. It is a bankers' bill.

The attorney before the committee did say that many of these mortgages are put up as collateral into the hands of a trustee whom he called a registrar, and that that registrar holds those mortgages for the payment of the joint-stock land-bank bonds; but, after all, the registrar is human by whatsoever name he may be called, and the banks can be given the choice of accepting or refusing the provisions of the bill. If the banks are in the hands of a receiver, the court will undoubtedly have the right to command the situation, and the court can say to his registrar or to his receiver that he must come in under the terms of this bill and accept the conditions on page 14, numbered 1 and 2. We can also put in a third condition. There does not seem to be anybody who cares to dispute that, so far as a court receivership is concerned, and without a court receivership, undoubtedly it can be done.

Believe me that these banks will be eager to sign up for the benefits and the appropriations. They will be glad to line up at the counter when the pie is distributed. Do not forget that! Now, our proposition is a simple one. They want the benefits—let them comply with the conditions. If they want the gift of a horse, let them not look the horse in the mouth. And in passing around these gifts why not let the farmer get some of them? Why not give him some of the benefits? Let us not lose this opportunity to benefit the man whose home is being sold by the sheriff. The chance will not come again. Let us seize it now and amend the bill accordingly.

These bonds of the joint-stock land system are worth 20 percent, 30 percent, and so on, and I shall not go over the matter again, except to call attention to the statements in the minority report, as follows:

Fourth. The bill renders many favors to the joint-stock land banks and Federal land banks and as consideration therefor they should be required to correct some abuses now prevalent. It is well known that the avarice and cupidity of some of these banks impel them to foreclose and secure title to the land and then sell it and invest the proceeds in their own bonds, which they can buy at a mere fraction of par. In this way they reduce their own indebtedness and make enormous profits out of their foreclosure to the serious disadvantage of the mortgagor. We think that provisions should be made to check this evil and to allow the mortgagors to present these same bonds, either in whole or in part, in payment of or as an offset or counter claim to the mortgage debt.

Many well-advised persons say with reason that Congress heretofore has not had constitutional power to require this right of offset to be given to the mortgagor without the consent of the bank. This opinion is based upon the belief that Congress cannot require a person to accept his own obligation which is not yet due in payment of a debt to him which in fact is already due and matured. But now at the time of the passage of this bill the legal situation is changed and an opportunity is given Congress to enact an amendment wherein the right of offset would be specifically provided and whereby the banks would be required, within limitations and safeguards, to grant the right of offset as a consideration for the privileges and benefits contained in this bill. Such an amendment would be both proper and legal and constitutional, and the present opportunity to enact it ought not be lost.

I regret that the gag rule is on and that our friends consider the bill as sacrosanct and will not allow us to amend it in other particulars. I should like to give the farmer much more than he really gets from this legislation. We all know that he needs it. In the past 2 years farm values throughout the whole United States have decreased \$14,000,000,000. Last year farm values decreased \$9,000,000,000. The farmers' income during the last 2 years has decreased from about \$12,000,000,000 yearly to about \$5,000,000,000 last year.

We should get the real facts regarding the farm-mortgage situation before us in order that we can apply existing conditions to this bill and learn to what extent it will benefit our people. Last year our agriculture college studied the agricultural emergency in Iowa, and in January 1933 it made a report on the Iowa farm-mortgage situation. I learn from this report that in October 1932 the farm-mortgage debt in my State stood at about \$1,083,000,000. This debt had grown sevenfold during the 32 years of the present century. That report shows that in October last year 45 percent of the farms in the State were under mortgage. The estimated mortgage debt per acre stood at \$71. I may say that this agrees very strikingly with a letter on the farm-debt problem transmitted about 2 weeks ago by our distinguished and beloved Secretary of Agriculture, himself a native Iowan, in response to House Resolution No. 79. I want to talk about the average farmer and the average loan in Iowa as based upon these figures. I want to discover just how much help the bill will give the Iowa farmer who has a mortgage of \$71 per acre upon his land.

I believe the bill may help some of our farmers who do not stand in average relationship to the Iowa farm-mortgage situation. But it cannot do the good it ought to do for the vast number of them who owe these mortgages and who own 45 percent of the land. I insist on this because I want to lay the foundation for real honest-to-goodness farm-mortgage relief. Until about a year ago the farm-mortgage debt was \$75 per acre and about 50 percent of all of the farms within the State were mortgaged. But the sheriff has been selling these lands at the front door of the courthouse, and the poor farmers have been giving quitclaim deeds to their homes and the figures have been cut down as I have indicated.

It is a woeful thing to have the sheriff sell your home. Through no fault of the farmer, a writ is issued and the sheriff is directed to dispossess and throw out into the highway the farmer and his wife and children. A sheriff's sale is a wicked thing, but a writ of eviction is worse. The old homestead is sold, and the folks can step out into the snows and ice and blizzards of an Iowa winter or else accept a new economic status. They can become peasants. They can become tenants with all of the evils of the landlord system dictating their position and their activities.

If this bill is to do the amount of good which I have hoped to get for a distracted people, then the rate of interest must be less than 4½ percent. That is the interest rate named in the bill, and the amortization payments on the principal are to be added on top of that. How pitiful the prospect must be for a farmer who has an acre of corn land in Iowa which grew him an average of 40 bushels of corn, which in many places was sold last year at the disgraceful figure of 8 cents a bushel. Think of it! This would give him an income of \$3.20 per acre on his corn land.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. Yes.

Mr. KVALE. In a neighboring town not far from where I live one of the poorer varieties of corn was quoted this winter at 2 cents per bushel, with an asterisk against the quotation, which meant that if it was on the cob the price would be 2 cents less.

Mr. GILCHRIST. Thanks. Did the farmer have to throw in a shoat or a dozen eggs as a premium? I have already told Congress the story about the man in my home county who shelled his mortgagee's corn in order to get the cobs. Why, they are burning corn in Iowa, yet the miners of Iowa and Illinois are going hungry for food. Well, suppose that my good farmer gets \$3.20 per acre for his corn and that his mortgage is in the average sum of \$71 per acre. Do you know how this figures out? The interest on the mortgage at the rate named in the bill figures at \$3.19½ per acre, so that the corn farmer, thank the Lord, has a profit above his interest of one half of 1 cent per acre for his cornfield.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I yield.

Mr. BLANCHARD. Does the gentleman think many farmers having mortgages on their land will be able to get any benefit from this bill?

Mr. GILCHRIST. I am coming to that. I should like to discuss the rate of interest at the present time.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. GILCHRIST. I cannot yield; my time is limited and I have many things to direct attention to. And while talking about interest remember that the bill provides that the farmer gets only \$95 out of a \$100 loan. He must invest the other \$5 in a farm-loan association. This is a feature of the present law which is continued by the bill; but it should not be, because it is objectionable. The mortgagors do not understand the set-up. They misunderstand it. It is a source of discontent and is the basis of false hopes, false representations, and promises. If permitted, I would strike it out of the bill.

I would also amend the interest rates and make them much lower than the bill exacts. Under present condition 4½ percent as pure interest without amortization is too high. A bushel of wheat will pay the interest on less than \$7. A bushel of corn at last winter's rates would have paid interest on \$2 of principal only. There is not much relief in the interest rates which Uncle Sam is giving his boys in this bill. And the rate is very little less than the average rate now charged in Iowa. The report from the Iowa State Agricultural College above referred to shows that the average interest rate on farm mortgages in Iowa was about 5½ percent in 1920 and it was only 5.53 percent in 1930, and in many instances was as low as the rate named in this bill. Why should money rates be so high and rates for human toil so low? When we profess that we are giving cheap rates to destitute farmers who are trying to save their homes, we ought at least to make the rates as cheap as we do to some of the "big boys" in control of financial affairs.

The last 90-day certificates sold by the Treasury were vastly oversubscribed at seventy-seven one hundredths of 1 percent interest. Two percent interest has attracted hundreds of millions of dollars into the Postal Savings accounts of the Government. We give outright subsidies to some enterprises. We loan money to shipping interests engaged in foreign trade at rates running as low as 1¼ percent. And most of these rates are along about 2½ percent or 2⅞ percent. Some of the cooperatives pay only one eighth of 1 percent interest. Some grape growers get loans from the Government at one eighth of 1 percent. Duck growers pay as low as one half of 1 percent, while the cherry growers pay three eighths of 1 percent. I do not know why a cherry-grower should get his money so cheap, but I suppose we should have cheap maraschinoes for the cocktails that the "big boys" drink.

The Government cut down the debts of the foreign nations manifold and then contracted to take very cheap rates of interest for the remainder. Italy was to pay 1.13 percent interest and France 2.16 percent interest, and they were to be paid over a period of 62 years and the principal

itself was to be canceled. The foreign debts were to pay an average of only 2.62 percent. Here again is a matter for amendment. We ought to make a cheaper rate of interest available to farm-home owners.

Mr. Chairman, the amount fixed in the bill at which we are allowed to refinance these mortgages is entirely too small. This was pointed out in the minority report and by the virile, energetic, and eloquent gentleman from Wisconsin [Mr. BOILEAU]. Under the bill the most a farmer can get is 50 percent of the value of the land and 20 percent of the value of the improvements. This will nowhere equal \$71 per acre, which is the average of the Iowa mortgage. The value of the good land and the improvements there will amount to at least \$75 to \$100 per acre. Figure it out on this basis and assume that the buildings are worth about one quarter of the land itself and you will find that the bill will raise only \$42.50 per acre on \$100 land and \$31.87 on \$75 land. Nobody is going to scale down his mortgage to that extent. What insurance company is going to take \$42.50 for a piece of property that is worth \$100? What bank will accept \$32 instead of a mortgage for \$75? You can take your slate and pencil and figure until doomsday and not be able to arrive at satisfactory figures on this point. Friends of the bill talk about scaling down the mortgages, but human nature is the same now as it always has been, and unless revolutionary methods are adopted—and we hope they never will be adopted—and unless the farmers are compelled to resort to force, intimidation, and even violence, which we hope they will not be compelled to do, the mortgages will never be scaled down in these cases where the land is worth more than the mortgage. They will never be scaled down in those cases where the personal liability of the mortgagor is ample even though the land is worth less than the mortgage. And in those cases where the land is worth less than the mortgage, and where also the personal liability is bad, the mortgagee will come to a composition with the mortgagor. If he does not, then chapter 8 of the new bankruptcy law, which we recently passed relating to agricultural compositions or extensions, will be brought into the situation and relief can then be given under that law. It is fair to say in this connection that there will probably be some cases, at least a few cases, where this bill will do some good. But I am appealing to you and begging that the bill be so changed as to help the average man and the average farmer in the communities covered by the study which our agricultural college made last year. Let me implore you to give these farmers the relief which they so sadly require.

Perhaps the bill will help some situations. Perhaps it will help some localities. But it ought to be made over so as to help the average man in the average condition who holds an average relationship to the farm-mortgage problem. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 5 additional minutes to the gentleman from Iowa.

Mr. ROGERS of Oklahoma. Mr. Chairman, will the gentleman yield for a question?

Mr. GILCHRIST. I cannot yield. I have not told half what I want to tell. It is not because I do not want to be courteous but because I have not the time.

I noticed in one of my home papers the other day that a mortgage went on record showing a loan of \$2,100,000,000 from the Reconstruction Finance Corporation to the Lincoln Joint Stock Land Bank, covering farms which it had taken over. The article states that the property used as security consisted of real estate the Lincoln bank has gained possession of through foreclosures. It surely can make a killing with this \$2,100,000,000 by going out and buying its own bonds at cheap prices, thereby retiring its own debts at face values and at little cost to the bank.

In another paper I read a news dispatch by the United Press published yesterday as follows:

WIDE-SPREAD REVOLT IS PREDICTED AMONG MIDWEST FARMERS

CHICAGO.—A wide-spread farm revolt in which rich milk will be poured into hog troughs and grain and produce will be stored in the fields while city markets clamor for food was predicted today.

The forecast was contained in a report to the League for Justice to Agriculture made by Arthur E. Holt and Carl R. Hutchinson after a trip through Wisconsin, Minnesota, and Iowa, during which they made a survey of farm-protest groups.

The league is an organization of clerics embracing all faiths. Holt is a theological professor.

In their report entitled "Emerging Agrarian Protest Movements in the Northwest", they listed several protest groups investigated and concluded that "we have in these spontaneous uprisings of various kinds an emerging class-conscious farmer revolt. It can be understood on no other basis."

Plans are outlined, they said, for a general "strike" to begin May 13 if farm legislation enacted by May 3 fails to guarantee "cost of production" to the agriculturist.

I want to say to you that the farmers ought to have cost of production. [Applause.] They ought to have cost of production just the same as there ought not to be any sweatshops where men and women for disgraceful pittance are engaged in making shirts. Human flesh and human labor and human blood ought not to be cheapened. Anybody who wants to eat ought to be willing to pay the cost of production. Furthermore you have no right to eat unless and until you pay the man who produces your food what it costs him to produce it. I am for any bill which will establish that principle. I believe that whoever works should be paid fairly for his labor, that the laborer is worthy of his hire, and that the farmer should have just recompense for the food that he lays upon the dinner tables of the United States of America. Why not? Is there anything wrong or immoral about that?

With respect to this matter I call attention to the fact that there are now in this city many men and women who are interested in the farm situation, who are begging that you will allow them, somehow or other, to get the cost of production. I believe they have the right to publish their plight to the country and to ask that justice be done to them as laborers in the fields and producers upon the farms, and to assert their right as free men and free women to an equal opportunity to live in America with their families in a condition commensurate with their labors and with their contributions to society.

I know full well that industry and banking and commerce must be taken care of. I am willing to go along in that respect. I want to see the factories made prosperous and the laborers given work, but the fundamental thing just now is for us to see to it that the homes and farms of our food-producers shall be saved to them and their families.

In one part of my State it is said that 1 farm out of every 7 has been foreclosed. In addition there are probably twice as many more where the claims of the mortgagee were settled by voluntary arrangement outside of court. There have been an unprecedented number of sheriff sales. However, the sheriffs are not doing this as much as they used to do for two reasons. One is that the mortgagee has found out that it does not do any good to take these farms and homes away from the people, because when he gets them he does not know what to do with them. Then again some of the lawyers for these mortgagees are not very enthusiastic just now about going out to these communities in order to attend foreclosure proceedings and to get the decrees and writs under which the sheriff can sell. A great deterrent has been administered to this bunch of lawyers. In an adjoining congressional district the irate farmers met such a lawyer recently on the steps at the front door of the courthouse and persuaded him—let us hope by fair means—not to go forward with the processes of eviction.

I may state here that I believe the farmers want to be law-abiding citizens and that they will be law-abiding, but in cases where they have been at no fault they will not stand to be thrown out of their homes without exhausting every means for protection. They are desperate. Let us give them hope and provide lawful means for the redress of pitiable conditions in the Corn Belt, as well as elsewhere in our fair land.

I wish the bill could be amended, but I will vote for it in the belief that it will do some good, that in certain localities it may do much good, that in all localities there may be instances where it will help some poor distressed farmer.

I express these sentiments and criticisms in the hope that thereby those who administer the provisions of this bill will be brought to a more liberal interpretation of the act and give relief to those entitled to have relief.

The minority report is right. It points the way to better farm-mortgage relief. It shows that the present bill will not give adequate relief, that it will prove to be a disappointment, that it contains many objectionable features such as those already spoken of; it points out that we should not at this time issue more tax-exempt and interest-bearing bonds. We have need for more currency and more bank credit. But we will not come to a sound basis for a financial rehabilitation until we learn that there are four factors in price fixing and not two only, as is commonly supposed. We hear men talk about supply and demand as being the only two things that fix prices. As is stated by Prof. G. F. Warren, of Cornell University, we must come to believe that there are four factors in fixing the price of any commodity: The price of wheat, for example, is the ratio of the (1) supply of wheat and the (2) demand for it to the (3) supply of gold and the (4) demand for it.

I will conclude by saying that the farmer is now required to pay his mortgage with dollars that are altogether too high priced and that are wholly out of proportion with the dollars that he borrowed. He is required to give too much of his produce and his labor in order to pay that mortgage. He is just as honest, and just as industrious, and just as capable as he ever was, but he cannot meet his debts under present prices for his products. This leads him to despair. He sees his wife and his children suffering. Under present prospects he cannot even hope to give them those things which will allow them to live in common comfort and make them useful and respected members of society. Through no fault of his he realizes that want and suffering are about to engulf them. He feels the horrors of humiliation and disgrace that are to overwhelm him. He now makes this last appeal to Congress not as a mendicant begging for alms but as a proud American citizen he asks for justice so that he may be protected against a flood of circumstances which have engulfed him through no fault of his own but through unwise and unfair economic regulations, all of which must be brought into just relationship with the conditions that surround him. And here he will make his last stand politically, economically, and actually. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, no Member of the House is more deeply interested in legislation to refinance farm mortgages than I am. Born on a farm, I was, of course, in intimate touch with farm life until I grew to young manhood. Since that time I have unfortunately owned too much farm land and think I have kept in close and sympathetic touch with every phase of farm life and believe I have some practical knowledge of farm conditions. I represent an agricultural district. Everyone in my district is dependent upon farming, whether he lives in the country, a city, or town, and whether he is a farmer, merchant, laborer, banker, or professional man. Their prosperity depends upon the success of the farmers.

Everyone appreciates that the price of everything the farmer produces has fallen far below the cost of production. Wheat brought to the farmer around threshing time as low as 30 cents per bushel, oats around 12 cents per bushel, cotton 6 cents per pound, corn around 15 cents per bushel, and all other farm products, including livestock, far below the cost of production. The farmers cannot live and pay farm upkeep and taxes, and send their children to school at these prices. In the meantime the taxes on farm lands have increased. However, the State and local authorities are solely responsible for the ad valorem taxes on farm lands. These taxes should be lowered through finding other sources of taxation.

As a result of bad economic conditions the farmers have been unable to pay their taxes or their mortgage burdens, and as a result schools have been closed or their terms shortened.

The farmers have lost their purchasing power. These bad conditions have affected the economic life of the Nation and more severely every community where farming is the basic industry.

The farm problem has been discussed at every crossroads store, on the streets, in the press, and in every public forum, including the House of Representatives, for the past few years.

The recent bulletin prepared under the direction of the Secretary of Agriculture, dated March 7, 1933, estimates the farm-mortgage indebtedness at about \$8,500,000,000, and the short-term indebtedness of the farmers at about \$3,500,000,000. This bulletin states:

The total farm indebtedness of all kinds probably amounts to over \$12,000,000,000.

The bulletin states that somewhat more than 40 percent of the farms in this country are mortgaged. It further states:

About 30 percent of the volume of outstanding farm mortgages is held by individuals, 23 percent by insurance companies, 19 percent by Federal and joint-stock land banks, 11 percent by commercial banks, 10 percent by mortgage companies, and 7 percent by other firms or agencies.

The annual interest charge on outstanding farm mortgages is estimated for 1932 at approximately \$500,000,000. I think this estimate too conservative. The total annual interest charge against farmers on all classes of debts, including interest on mortgages on farms held by nonfarmers, is estimated to be approximately \$900,000,000. The annual property tax on all farm property was estimated at about \$777,000,000 in 1929. The gross farm income for 1919 was estimated at \$17,000,000,000, whereas for 1932 this income had been reduced to about \$5,000,000,000.

Mortgages have been foreclosed on farms at an alarming rate during the past few years, and these foreclosures are gradually increasing in numbers. In some counties and communities it is estimated that 65 percent of the farms are held in foreign ownership and are being occupied and cultivated by tenant farmers. Commercial banks in agricultural communities have failed in large numbers, and in the remaining banks deposits have been greatly reduced. The total number of bank failures since 1920 has reached the startling total of 11,000—all due to bad business conditions and largely to the distressed condition of the farmers.

Insurance companies have had heavy demands for loans from policyholders and have recently been forced to discourage the making of new farm loans.

In this connection I invite attention to a table, prepared under the direction of the Secretary of Agriculture, which gives an estimate of farm mortgages held January 1, 1928, by various institutions and companies and individuals:

Lending agencies	Percentage held by each agency	Amount held by each agency
	Percent	
Federal land banks.....	12.1	\$1,146,000,000
Joint-stock land banks.....	7.0	667,000,000
Commercial banks.....	10.8	1,020,000,000
Mortgage companies.....	10.4	988,000,000
Insurance companies.....	22.9	2,164,000,000
Retired farmers.....	10.6	1,006,000,000
Active farmers.....	3.6	339,000,000
Other individuals.....	15.4	1,453,000,000
Other agencies.....	7.2	685,000,000
Total.....	100.0	9,468,000,000

In explanation of the figures in the above table, which was made up as of January 1, 1928, the Department of Agriculture insists that the amount of farm mortgages which have been paid off or foreclosed totals about \$1,000,000,000, leaving, in round numbers, at present approximately \$8,500,000,000 of indebtedness secured by farm mortgages outstanding.

Life-insurance companies, considered as a group, are the largest holders of farm mortgages, their holdings representing nearly 23 percent of the total. Federal land banks are second in importance, holding 12 percent of the total. Individuals are stated to hold about 30 percent of these farm mortgages.

The farmers are being driven from their homes, farm improvements are greatly depreciating in value, the soil is eroding, and everyone appreciates that the purchasing power of the farmers has been reduced to the vanishing point and that it is necessary to enact some legislation to refinance farm mortgages.

Having briefly stated but not having overdrawn the situation, we come now to a consideration of the pending bill.

No one can be more deeply in sympathy with the purposes of the bill than I am. Since I have been in the House, as to legislation affecting the farmers, every vote I have cast has been in their interest. I have given the best study of which I am capable to a careful analysis of this bill.

Let us analyze the bill in detail. It has four titles.

TITLE I

Title I provides for amending the Federal Farm Loan Act by authorizing the issuance of bonds by Federal land banks for the purpose of making loans or exchanging bonds for mortgages, as provided in paragraph second of section 13 of the act, in an amount not in excess of \$2,000,000,000. The interest, which is to be guaranteed by the Government of the United States, is fixed at a rate not in excess of 4 percent per annum.

The principal, as well as the interest, should have been guaranteed, which would have resulted in their being sold at a lower rate of interest and resulting to the benefit of the farmers. In fact, I cannot see how we can guarantee the interest on long-term bonds without guaranteeing the principal.

Title I, of course, will be of material assistance to those farmers who have secured their loans through the Federal land banks and to those farmers to whom loans in the future may be made by these banks.

It will be noted that the Department of Agriculture reports outstanding mortgages held by Federal land banks in the sum of \$1,146,000,000. It will therefore be seen that while the Federal land banks and the joint-stock land banks are jointly estimated to hold 19 percent of the farm mortgages outstanding, the Government guarantees the interest, under the terms of this bill, on \$2,000,000,000 of Federal land-bank bonds.

In other words, the greatest, or major part of the benefit which this emergency bill confers will be largely through the Federal land banks. I think equal legislative consideration should be given all classes who are holders of real-estate mortgages, including individuals, commercial banks, mortgage companies, insurance companies, and other mortgage owners.

Section 2 of title I authorizes the refinancing, purchase, or exchange of bonds for outstanding first mortgages up to 50 percent of the normal value of the land mortgaged and appraised and 20 percent of the value of the permanent insured improvements. This is the existing law. This provision will give an outlet to mortgages held by agencies other than farm land banks through these banks.

Sympathetically administered, I think the various sections under title I would authorize the Federal land banks to refinance distressed mortgages outstanding, whether held by the Federal land banks or joint-stock land banks themselves, by commercial banks, mortgage companies, insurance companies, retired farmers, individuals, or other agencies; but the people whom I represent and the farmers generally who have mortgages upon their farm lands, by whomsoever held, want to be assured that through some provision of this bill, and particularly title I, they may be refinanced in cases where mortgages are due or in process of or threatened with foreclosure. They will immediately write every Member of Congress for information as to how to proceed. They will want a definite answer. I want to be able to give it to them.

Title I refers to Federal land banks exclusively, and provides for securing the funds through the sale of bonds—the interest on the bonds being guaranteed by the Government—to the extent of \$2,000,000,000. Very well; this will insure a limited amount for the benefit of the Federal land banks. We must remember that these banks are largely owned by individual borrowers who have taken stock in them since

they were organized under the act of July 17, 1916. Under the report made by the Secretary of Agriculture Federal land banks have outstanding \$1,146,000,000 in mortgage loans. How can we safely assure and guarantee to the distressed mortgagors who have made mortgages to these various other agencies and who are being pressed for payment and threatened with foreclosure that they can go to the Federal land banks and be assured of being refinanced by the Federal land banks, whose stock at present is held by individual borrowers, officered by directors elected by them?

For that reason in my study of the mortgage situation I prepared a bill, H.R. 3209, creating in the place of Federal land banks a new agency, Federal rural mortgage land banks, whose capital stock would be entirely subscribed by the Secretary of the Treasury and all of the officers appointed by the Government and therefore under the complete control of the Government. This bill which I prepared would give practically the same authority to Federal rural mortgage land banks as given in this bill to Federal land banks except that the funds would be adequate to refinance mortgages made by any individual, company, corporation, or other agency.

I do not feel safe in saying that the amount of bonds, the interest on which is guaranteed up to \$2,000,000,000, will be adequate, but the hope is expressed in the bill that Federal land banks will thereafter be able to sell their 4-percent tax-exempt bonds at par and therefrom secure sufficient additional funds to make to all distressed mortgagors. This is the crux of the situation.

Title III affords relief to the amount of \$300,000,000, administered through the Farm Loan Commissioner to distressed mortgagors, which I will discuss later.

Section 3 authorizes the Secretary of the Treasury, in the event of the extension of loans by the Federal land banks, to subscribe to the paid-in surplus of such banks an amount equal to the amount of all such extensions and deferments within 5 years made by the bank during the preceding period. This amount, however, is limited to the sum of \$50,000,000.

Section 4 of title I regulates the interest which may be charged through national farm-loan associations and requires that it be reduced to not to exceed 4½ percent per annum, and the sum of \$15,000,000 is authorized to be appropriated to be used by the Secretary of the Treasury to make payments to Federal land banks for interest payments accruing during subsequent fiscal years.

Section 5 regulates the amount that may be loaned to any one borrower and increases the amount from \$25,000 to \$50,000. Instead of increasing this amount it should have been decreased, so as to make sure that the larger farmers would not get too large a share of the benefits to the exclusion of the small farmers. The benefits of the bill should be extended to and spread over the small farmers. The larger farmers can secure credit through other agencies. The chairman of the committee explained this was to care for a few joint-stock land bank borrowers so that they may be refinanced.

Section 6 authorizes the making of direct loans where no local loan associations have been formed or are not functioning. I have been making a fight for legislation of this character for a number of years. However, I am not in sympathy with the requirement found in the paragraph which requires the borrowers to covenant to join local loan associations. The committee has proposed an amendment to make this optional. If not adopted it would discourage many farmers from making applications for loans, especially if they are compelled to guarantee the loans of each other. Why not require farmers of every community to guarantee their other indebtedness? Why not compel banks in certain groups or States to join and guarantee their deposits? The same principle will apply. Many farmers will be found who do not care to belong to associations which are required to guarantee loans to the less thrifty and improvident. This provision should be amended as recommended by the committee so as not to compel the farmers to join such associations unless they voluntarily agree to do so. This provision

as originally drawn will add nothing to the bill, and it has caused thousands of farmers in the past not to take advantage of the provisions of the Rural Credit Act of July 17, 1916. I was a member of the committee that reported the rural credit bill in 1916 and urged that this provision be eliminated then. It would greatly popularize the law now to exclude the requirement by the adoption of the committee amendment making it optional.

Section 7 authorizes receivers appointed by the Federal Farm Loan Board to borrow money from the Reconstruction Finance Corporation for the payment of taxes on farm lands owned by the bank and to issue receiver's certificates against the assets as security.

TITLE II

Title II proposes legislation for the benefit of the joint-stock land banks.

Section 201 has reference to limitations against the issuance of bonds or making new loans by joint-stock land banks after the enactment of this legislation and anticipates their liquidation.

Section 202 authorizes the Reconstruction Finance Corporation to make available to the Farm Loan Commissioner for the use of joint-stock land banks \$100,000,000 to be used for a period of not to exceed 2 years from the date of the approval of the act, charging said banks an interest rate of 4 percent per annum, and the joint-stock land banks are entitled to borrow not to exceed 60 percent of the normal value of farm real estate held.

The joint-stock land banks are required to reduce the interest rate to not to exceed 5 percent per annum, and to agree not to foreclose farm mortgages held, for a period of 2 years. Of course, these banks will be glad to do this, as they would prefer to receive 5 percent interest rather than no interest at all, and should farms be taken over under foreclosure, the procedure will be tedious and expensive, and the farms in the meantime will be held by agents or tenants and managed at a loss.

TITLE III

Title III makes provision for loans to farmers through the Farm Loan Commissioner for the following purposes only: (1) Refinancing, either in connection with proceedings under the recently amended Bankruptcy Act relating to agricultural compositions and extensions, or otherwise, any indebtedness, secured or unsecured, of the farmer; (2) providing working capital for his farm operations; and (3) enabling any farmer to redeem and/or repurchase farm property owned by him as a home prior to foreclosure, which has been foreclosed within 2 years prior to the enactment of this act or which is foreclosed after the enactment of this act.

Section 301 makes available to the Farm Loan Commissioner \$300,000,000 to make loans to farmers for these purposes, secured by first and second mortgages.

This amount of \$300,000,000, I fear, is totally inadequate. The interest on \$2,000,000,000 of bonds under the control of the Federal land banks is to be guaranteed by the Government. The Federal land banks and the joint-stock land banks hold jointly about 19 percent of the farm indebtedness. It is true that the Federal land banks may make additional loans; but for the most part, let me warn the farmers of the country that I very much fear that this legislation guaranteeing the interest on bonds will be used to strengthen the Federal land banks which hold mortgages aggregating \$1,146,000,000.

The last Congress appropriated \$125,000,000 in aid of the Federal land banks, and the chairman of the Committee on Banking and Currency, in a speech, stated that after careful examination no new loans had been made. Recently the unexpended balance was reappropriated or authorized to be used in aid of these banks. What I want to make sure of is that the farmers may be able to secure loans to enable them to repossess themselves of or to retain their homes. We should be sure that this legislation, when enacted, does accomplish this purpose and is sympathetically administered to carry out the intent of Congress.

The table which I have inserted above shows that commercial banks hold farm mortgages aggregating \$1,020,000,000, mortgage companies \$988,000,000, insurance companies \$2,164,000,000, retired farmers \$1,006,000,000, active farmers \$339,000,000, other individuals \$1,453,000,000, and other agencies \$685,000,000.

In other words, 81 percent of farm mortgages are held by other individuals, corporations, and agencies, and not by the Federal land banks or the joint-stock land banks. This section, 301, which only makes \$300,000,000 available, is wholly inadequate and the amount should be greatly increased. It authorizes loans to be secured by first and second mortgages on farm lands which shall not exceed 75 percent of the normal value thereof after this value is ascertained upon appraisal made under the terms of the Federal Farm Loan Act.

I doubt the wisdom of permitting the taking of second mortgages. First-mortgage loans should be increased and made upon the normal value of the land, but if the Government permits the taking of a second mortgage the Farm Loan Commissioner ultimately, in order to protect the Government, will be forced to buy in the first mortgages. Thousands of holders of second mortgages have come to grief within the past 5 years and the Government should be protected against loss as well as the individual. Extend liberal credit of the Government on long terms at low rates of interest to the farmers, then legislate to restore to them the foreign markets so as to insure them the cost of production plus a reasonable profit, and finally expand the currency so as to increase the exchange value of their farm products.

Section 301 also provides that no loan in excess of \$5,000 shall be made to any one farmer. This provision is inconsistent with section 5 under title I, which authorizes loans to be made by the Federal land banks up to the amount of \$50,000. I favor the lower loans as I have already indicated.

This same section, 301, requires that an agreement be entered into to repay the indebtedness in installments, and that (1) the interest rate shall not exceed 5 percent, and (2) that the repayment of the loan shall be on the amortization plan so as to extinguish the loan within a period of 10 years.

Let us examine this provision a little more closely. This would require an amortization repayment of 10 percent on the loan annually, in addition to the interest of 5 percent per annum, which would require the farmer to make too large a repayment each year in addition to taxes and upkeep and other farm and family living expenses. Of course, no farmer can make such a large annual payment at the present prices of farm products. He cannot do it even at peak prices. The interest rate on the loans should be lower and the time for paying the principal should be extended over a period of at least 35 years when a payment of about 1 percent annually on the principal would extinguish the principal of the loan.

TITLE IV

Title IV authorizes the Reconstruction Finance Corporation to make loans in an amount not exceeding \$5,000,000 to drainage districts, levee districts, irrigation districts, and similar districts organized under the laws of any State, and to political subdivisions of States, which have undertaken projects devoted chiefly to the improvement of land for agricultural purposes to enable such districts or political subdivisions to refinance their outstanding indebtedness.

This is an important provision, and will be of great aid to drainage districts throughout the country. I invite your attention to the fact that loans under this section may be made for a period not exceeding 40 years and contrast it with the requirement as to loans made to individuals under title III, to be repaid upon the amortization plan within 10 years.

The general purposes of the bill are sympathetic to the farmers; but, as I have pointed out, the larger benefits, as shown in titles I and II, are in the interest of the Federal farm land banks, which are authorized to issue \$2,000,000,000 in bonds, the interest upon which is guaranteed by the Government, and joint-stock land banks, which is aided in the

sum of \$100,000,000. Let us extend proportionate relief to all classes who are the holders of mortgages, so as to be quite sure that all farmer mortgagees will be benefited.

Title III, which makes direct loans to farmers, is restricted to the sum of \$300,000,000. This amount should be substantially increased and the provision for a second mortgage eliminated.

I have been making every effort possible to secure the consideration of legislation to refinance farm loans, and have introduced a bill (H.R. 3209) to create 12 Federal rural mortgage land banks, with a capital stock of from \$25,000,000 to \$40,000,000 each, to be subscribed by the Secretary of the Treasury, with money to be furnished by the Reconstruction Finance Corporation, as in the case of the home loan banks. These Federal rural mortgage land banks would be authorized to issue bonds in the sum of 20 times the amount of their capital stock, as was the case when the Farm Loan Act was passed on July 17, 1916, said bonds, both principal and interest, to be guaranteed by the Government, and said banks are directed to make loans to all classes of farmers up to 60 percent of the normal value of their lands and 20 percent of the insured permanent improvements. A rate of interest of 3 percent per annum is provided to be paid, repayable on the amortization plan, extending over a period of not to exceed 40 years.

Provision is made in the bill for the reduction of both principal and interest under the supervision of an adjustment committee where distressed mortgagees are refinanced. This bill would not discriminate in favor of or against the Federal land banks or the joint-stock land banks, but would apply to all mortgage holders, individuals, corporations, insurance companies, Federal land banks, joint-stock land banks, commercial banks, and all other agencies alike.

The amount of bonds authorized to be issued, in the aggregate, by the Federal rural mortgage land banks would be adequate to take care of all distressed mortgages.

In addition to borrowing money for the repayment of existing mortgages, principal, and interest, and other necessary farm expenses, the bill would also permit money to be borrowed by farmers to pay taxes on their farm lands.

The bill is more comprehensive in its terms than the bill now under consideration by the House. However, the situation is so distressing and desperate that I am giving my earnest support to the pending bill on the theory that it is better to assist in securing the benefits it gives to the farmers rather than to destroy the farmers by the enactment of no legislation.

I have insisted that any bill which provides for the refinancing of farm mortgages should contain—

First. The amount of money, from whatever source secured, should be adequate to care for all distressed mortgages, regardless of whether they are held by individuals, corporations, insurance companies, farm-land banks, or other agencies;

Second. The rate of interest should be low to enable the farmers to take new courage in meeting their mortgage indebtedness; and

Third. That such long-time mortgages should be extended to them, payable upon the amortization plan, so that it would not require more than 1 percent per annum.

Other legislation should be enacted for the benefit of the farmers, some of which is under consideration, which will insure the farmers a better price for farm products, bringing them at least the cost of production plus a reasonable profit; the tariff should be lowered and reciprocal agreements made so as to restore our foreign markets for farm products; and there should be such an expansion of the currency as will restore the exchange value of farm products. However, these measures are for separate legislation and perhaps cannot be embodied in this bill. I trust that the entire program will be studied and enacted into law before the adjournment of this extra session of Congress.

I voted to refer this bill to the Committee on Agriculture, first, because I felt that it dealt with matters of exclusive interest to the farmers; second, I believed that the Committee on Agriculture would be more sympathetic in the con-

sideration of the bill than has been shown by the Banking and Currency Committee during the last Congress; and, third, that it had a more intimate knowledge of the present distressed condition of the farmers.

I feel sure that a further study of the farm question after this legislation is enacted will lead to additional legislation in the further interest of the farmers of the country. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Chairman, the Nation is prosperous only when the farmers of the Nation are prosperous. All the children of all the people are happy and contented only when the agricultural interests are prosperous. Our educational and religious institutions cannot function if the buying power of all the people is reduced below certain fundamental levels. The only real wealth of a nation comes from the soil, and whenever the purchasing power of the tillers of the soil is lowered below a certain point, we destroy the equilibrium of prosperity. The price of wheat today, for instance, has reached the lowest level since the days of Queen Elizabeth, 300 years ago. We might make similar comparisons as to corn and cotton and other staple products.

But suffice it to say that not only the Members of Congress but every citizen in the United States realizes that there must be something done—and done quickly—to stabilize our institutions and give relief to the farmer, the laborer, and the little-business man.

I am proud to say that I am a dirt farmer from among the hills of Somerset, and know about the hardships of the farmers and the combination of complex problems they are up against today.

It falls to my lot to come from a district in Pennsylvania where one of my counties is the home of coke and coal. A county where the discriminating freight rates set up by the Interstate Commerce Commission a few years ago shut down our mines and closed our factory doors. Today we find 52 percent of all the population of that county—198,000—lining up in the bread line every Friday morning and getting their provisions for the coming week. It is a sad reflection on our institutions when such conditions exist in our very midst.

Are we, my fellow colleagues, willing to admit that institutions have sprung up within our own borders that we are no longer able to control? Are we willing to stand idly by and see millions of bushels of wheat in our granaries unused, and yet millions of men, women, and children asking for bread? Are we willing to stand by and see hundreds of thousands of tons of leather stored in our factories and warehouses and at the same time see an innumerable army of children toddling down our streets without shoes? Are we going to close our mental eyes to the fact that 10,000 times 10,000 bales of cotton and thousands of sheets of wool are resting in our great storehouses, waiting for a market, and at the same time multitudes—yes; millions of children and grown folks, if you please—shivering in the cold?

It was Macaulay, I believe, that said, "Your Constitution is all sail and no anchor—when a society has entered on its downward process either civilization or liberty must perish. Either some Caesar or Napoleon will seize the reins of government with a strong hand or your Republic will be as fearfully plundered and laid waste by barbarians in the twentieth century as the Roman Empire was in the fifth, with this difference, that the Huns and Vandals who ravaged the Roman Empire came from without and that your Huns and Vandals will have been engendered within your own country by your own institutions."

My colleagues, there is not one of us ready to admit that institutions have sprung up within our borders to such gigantic proportions that they can no longer be controlled. We admit that our social and economic fabric is out of joint and not functioning, but we, the Seventy-third Congress, believe that our house can be put in order and that measures can be enacted by this body that within a decade will put every farmer, every laborer, and every little-business

man back to work under conditions more favorable than since the days of the Civil War.

The bill before us, my friends (H.R. 4795) embodies in it so many fundamentals that must be in our economic procedure, if the rehabilitation of our country is to be brought about, that it behooves us to forget the few discrepancies in the bill and support it for the common good of humanity.

Many of my friends from the South and the Middle West look upon Pennsylvania as a manufacturing State, a mining State, a State where they make iron and steel for a living. I am sure that you will bear with me for a few minutes while I give you a few statistics relative to farm products in Pennsylvania. I believe that after I give you these statistics the Agriculture Committee will realize that Pennsylvania deserves attention when agriculture measures are being considered.

I hear someone ask me where Pennsylvania stands in the production of some of the staple farm products. Here is where we stand or rather where we stood. Our standing has made such a dangerous drop the last 3 years that I am to support this measure with whatever amendments the committee may offer. In 1931 and 1932 Pennsylvania produced, as follows:

	1931	1932
Hay.....tons.....	3,154,000	2,005,115
Tobacco.....pounds.....	57,650,218	43,362,817
Potatoes.....bushels.....	26,669,214	21,450,585
Wheat.....do.....	20,162,814	13,465,385
Corn.....do.....	62,147,814	47,516,213
Oats.....do.....	28,143,294	24,136,284

In other words, my fellow colleagues, the State that gave us the Declaration of Independence and the Liberty Bell ranks sixth in the production of hay, fifth in the production of tobacco, seventeenth in the production of potatoes, sixteenth in the production of wheat, and fifteenth in the production of oats.

Further evidence that there is something wrong with the machinery that governs our farm products is realized when we observe what has happened in the last 3 years in Pennsylvania to our cattle, sheep, and hog industry.

In 1931 Pennsylvania produced \$97,315,000 worth of cattle, hogs, and sheep.

In 1932 Pennsylvania produced only \$74,218,516 worth of cattle, hogs, and sheep.

In 1933 the estimate is way down to \$52,116,427 worth of cattle, hogs, and sheep.

These and other facts convince us that something must be done to protect the farmer, the laborer, and the little business man. And I believe, ladies and gentlemen, this bill, when it is enacted into a law and given a chance to work out over a space of 5 or 10 years, will give us thousands and thousands of independent home owners as well as tens of thousands of prosperous farmers, laborers, and little business men. [Applause.]

Here is a telegram I received today, which tells of the conditions in one of the counties in my district:

UNIONTOWN, PA., April 12, 1933.

HON. J. BUELL SNYDER,

House of Representatives:

Fayette County, Pa., has 22,000 families receiving flour relief; more than 15,000 families, approximately 65,000 people, receiving full grocery relief; unemployment condition bad; 25 out of 34 Fayette County banks closed; coal mines flat; very little work on highways; Reconstruction Finance Corporation money and Pennsylvania State funds have given adequate local relief with thanks to our Governments at Washington and Harrisburg; absolutely necessary that additional large amounts of money be appropriated for needy until work resumes.

FAYETTE COUNTY EMERGENCY BOARD,
EARL S. AREFORD.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. CARY].

Mr. CARY. Mr. Chairman, I am in complete accord with the splendid program of relief legislation that has been sent to this Congress by the President of the United States. I

have supported all of this legislation, believing in each and every instance that it would bring about some relief in this hour of distress. I think the legislation we have passed has met with the approval of the people, and a most wonderful response has been given to it by the people as a whole. We can see direct benefits resulting from the legislation that has been enacted into law during this short period of the special session of this Congress. I have all faith in the legislation that has been submitted to us and I believe the greatest service this Congress can do for the American people is to enact the President's program into law as speedily as possible. Our President has proven himself to be a great leader and has restored in the hearts of the American people that confidence in their Government which they had almost lost in the several years past.

The bill which we have before us today is for the purpose of providing emergency relief with respect to agricultural indebtedness by refinancing the mortgage debts of the American farmer. To my mind it is the most important measure that has come or will come before this Congress and goes farther toward giving relief to millions of American farmers who have borne the brunt of this horrible depression from its inception up to the present time. The importance of the question we are called upon today to consider cannot be overestimated nor the gravity of the situation be overstated. Long before the crash of the stock market and the collapse of business had spread their withering blight over this country the American farmer was being ruined because the price of his farm commodities was too low to permit him to carry the excessive rates of interest upon his indebtedness and discharge the ever-mounting tax bills that were piling up on him. He has been ground to death between the two stones of excessive interest rates and high taxes.

Although his pitiable condition has been known to everybody for years, and his failure has been disclosed in thousands of instances of mortgages being foreclosed and homes being sold from under their owners, up to this time very little has been offered in the way of legislation that would really relieve the farmer. This bill, I firmly believe, will bring to him a measure of the relief to which he has been entitled for many years. Farm mortgages have always borne an excessive rate of interest. Because of their very nature, they should have borne the lowest possible rate of interest in comparison with that of other business or industries. Strange to say, they have borne the highest rate of interest, and this fact has contributed largely to the complete collapse of agriculture and the destruction of homes from one end of our land to the other. There are many of us in this Congress who have contended for the past 2 years that the place to start the cure of our troubles is in the soil. We have believed, and still believe, that there can be no permanent prosperity in the commercial world until farming is put upon a stable and prosperous basis. Agriculture is the bedrock of our civilization, and until we can make the producers of farm commodities prosperous, we can never restore the purchasing power of the people of this Nation and bring about a complete business recovery.

For nearly 2 years Congress, attempting to fight this depression and put business back upon its feet, has worked at the wrong end of the problem. By legislative enactment, more than \$2,000,000,000 have been spent through the Reconstruction Finance Corporation to aid the big interests, such as banks, railroads, insurance companies, and so forth. Notwithstanding the heavy drain made upon the Treasury in an attempt to bolster up the big business interests, we have seen our banking system completely collapse, every bank in America close, and insurance companies and railroad companies everywhere in the hands of receivers. Any attempt made by the followers of the principle that agriculture should receive aid from the Government has been met with opposition by those interested in big business who have put forth the propaganda that legislation attempting to refinance the farmer and place his heavy burden of debt where it could be carried would be class legislation. However, this idea of class legislation was not mentioned when the big

bankers, the railroads, and the insurance companies called on the Treasury of the United States for financial aid at a low rate of interest, claiming it to be necessary to carry on the business of the country.

As a matter of fact, such legislation was merely refinancing the financier, and the great agricultural classes, which were most entitled to help, have been neglected until they have reached a stage of almost complete collapse. Now, big business and all others are realizing that something must be done to save the American farmer and his home, and every thinking person understands that the foundation of this Nation is agriculture, and on that foundation we must rebuild and rehabilitate the industrial and commercial world.

Mr. Chairman, this bill should become a law. The farm-mortgage indebtedness of this country should be refinanced at a lower rate of interest, and in many instances the debt itself should be scaled down, as can be done under the provisions of this bill. Personally I am of the opinion that the maximum rate of interest should be changed from $4\frac{1}{2}$ to 3 percent, and I hope that this change will be made before this bill is finally enacted into law. I fully realize the necessity of putting this legislation through the House as quickly as possible under a rule which will not permit its passage to be long drawn out by subjecting it to amendments. If this bill is properly administered, with the aid of those who are in sympathy with it and the cause it represents, I think the farm indebtedness can and will be refinanced upon a 3 percent basis, which will bring a very great relief to the distressed farmer and enable him to carry on, protect, and perpetuate that greatest of all American institutions, the American home.

This bill will bring real relief to the distressed farmer who, by reason of conditions over which he has no control, is unable to meet the payments upon his mortgage debt. By the plan of refinancing as herein set out he will have his interest very materially reduced and all payments upon principal will be suspended for a period of 5 years; that is, during a period of 5 years he will have to pay only the interest upon his loan, and at a much reduced rate. This will stop foreclosures and save many farmers from losing their homes. In the 5-year period that the principal payments are suspended he will have an opportunity to get back on his feet. I firmly believe this measure, if enacted into law, will save American agriculture. It will instill new hope and courage in the American farmer and give him an opportunity to work out his own troubles and finally rehabilitate that great basic industry, which is absolutely essential to our national life.

This plan, of course, is going to cost the Federal Government some money; just how much no one can say, but I believe it will be small in comparison with the benefits that will be derived from it. Whatever the cost may be, we cannot fail to extend this relief and save our farmers from complete disaster which is now facing them. We have already spent much more out of the Federal Treasury to help banks, railroads, insurance companies, and other big business than this refinancing of farm mortgages would cost. Why not spend some to help the farmer? His land is the best security on earth, and the money invested in financing him will eventually be returned. Much of the other that has been furnished to the big-business interests will never be returned.

Mr. Chairman, it is inconceivable to me that Congress would fail to enact this sort of legislation. The idea has been advanced that it might cost the Government too much money and that we cannot afford to assume so great a responsibility. A few years ago, when the world was engulfed in the greatest war of all history, the American people did not hesitate to go to the relief of all mankind, to take a part in the fight to save humanity from imperialism, and to turn into a glorious victory what then seemed to be inevitable defeat for the Allies. We entered that conflict with but one determination in view, that of winning the war, regardless of what the cost might be to the Treasury of our Nation. No one then would have dared to suggest that the cost was too great and that the Govern-

ment could not afford to make through Congress the huge appropriations that were necessary to carry on that war to a successful conclusion. Our appropriations to win that war were approximately \$27,000,000,000. In addition to that, we lent approximately \$12,000,000,000 to the Allies, who were then prostrate and in dire distress. So magnanimous were we at that time that the interest rates on those loans were fixed at an average of about 2 percent. For the past 4 years we have been engaged in a warfare far greater in importance to our people than the World War ever was. We have been and are still waging a great war against an economic depression that has brought misery and woe to almost the entire population of America. No class of our people has suffered so much and so long in this depression as the American farmer. Can we now say that the expense of a few million dollars, if necessary, should not be incurred by the Government in order to save the farmers of America from ultimate bankruptcy and ruin?

Mr. Chairman, I know if we measure things by present values that the farm mortgages will in many instances exceed the value of the land. But there is no normal value now because there is no sale for land. I firmly believe that refinancing of mortgages at the low rate of interest set out in this bill will in itself be such a boon to the agricultural industry that the values of farm land will immediately begin to rise and that the Government will in the end lose nothing under this bill. It is an inconsistent thing in my mind to say that farm mortgages should not be refinanced on an interest rate around 3 percent when untold millions have been furnished by the Government to the shipping industries at interest rates below 2 percent. Aid and protection in the form of subsidies, low interest rates, and tariff benefits have been given by the Government to all classes of industry except farming. I am heartily in favor, not only of the refinancing of the heavy indebtedness of the farmer but of the refinancing of the small home owner which is proposed in a companion bill to the one we now have under consideration.

Mr. Chairman, ladies and gentlemen of the Committee, may I call your attention to the fact that this Government collects in taxes on one farm product, namely tobacco, which is grown in only a few States, more revenue per year than the cost per year of the entire interest charges upon the farm mortgages in the United States would be under this bill. For that reason alone, this Congress cannot fail to give this much-needed relief provided in the bill now before us. With the material reduction of overhead expense resulting from the passage of this bill and the benefits that we hope the farmer will receive from the legislation recently passed for the purpose of raising commodity prices, the time should not be far distant when the American farmer will be on the road to complete recovery. Then the purchasing power of our people will be restored, which will insure the return of prosperity. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. MARSHALL].

Mr. MARSHALL. Mr. Chairman, it is quite evident that, with the adoption of the rule which was adopted here yesterday, we are going to either pass this measure or none, dealing with the question of the refinancing of farm mortgages. I do not want to be an obstructionist; and as a member of the Committee on Agriculture, which has had the bill under consideration, I want very briefly to give one or two reasons why I think I am justified, as are other Members of Congress, in supporting the bill. One of those reasons appears in the first title. I am of the opinion that it will go a little way toward stabilizing the purchases of real estate. In other words, the interest rate is such that there will be some new capital put into real-estate purchases. Men will buy farms at the rate of interest provided here if they have a place where they can get the money. Today there is no such place. Another thing that is of interest to me, and which I think will benefit the farmer, is that in my county and in your county and all other counties in the United States there are creditors and debtors who can sit

down around a table and agree on a reduction of the value of their mortgages, but that necessitates some source of getting hold of cash to enable them to bring about the consummation of their agreement. Under the provisions of this bill there is a source of revenue which they can tap and get the money to put into effect the terms of their compromise agreement. I feel that will grant considerable relief to many hard-pressed debtors in this country. There is another feature of the bill, and it seems to be the one which is troubling Members here quite a little, and I wish I had time to talk about it.

The gentleman from Virginia [Mr. FLANNAGAN] raised the question in regard to the joint-stock land banks. I do not hold any brief for the joint-stock land banks, but that very question that Mr. FLANNAGAN brought up was discussed fully in our committee. Most of the committee would be only too glad if the provision that he refers to could be written into the bill, but it seems that it could not be. Others took the position that we should strike the entire section out of the bill. I think the reason that was not done was because the members of the committee felt that without some relief to the joint-stock land banks, about 47 of them today, which is all of them, would be put in a position where they would be in danger of receiverships within the very near future. I think the members of the committee felt they did not want to assume the responsibility of refusing to grant some relief that would prevent such a situation as that occurring. Receiverships of these banks undoubtedly would bring about further depression in the value of every foot of real estate in the country, because of the immense amount of foreclosures that would be brought about.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. JENKINS. Does this bill contemplate any action that would absorb the joint-stock land banks, so that after the efficacy of this bill shall have been expended they will operate then more under the cloak of the Government than now?

Mr. MARSHALL. This bill provides for orderly liquidation of the joint-stock land banks, and they will gradually pass out of the picture under the provisions of this act. Section 203 of this bill also grants relief to the farmers. In other words, there is a lot of relief granted in this measure. It is not, in my opinion, going to bring about any millennium. I think, after all, that the ultimate relief to any farmer is in the opportunity on his part to sell his product at a price whereby he can live and pay his debts. The farmer is willing to pay his taxes and his interest. What he wants today is a demand for his product. If this bill and the other bills that are being submitted by the administration bring about an increase in farm prices, then the legislation will be worth-while, and if at the end of the period which this measure is supposed to carry us over, through which the farmer is provided a breathing spell, the situation has not been benefited, then I do not know of any prophet who can tell what is going to be the result in this country. I for one am endorsing this legislation with the hope and also with the belief that some real benefit will accrue to agriculture in this country. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman and members of the Committee, the amendment I have just submitted to the Committee on Agriculture, under the rule, provides that the Treasury Department shall issue Treasury notes or currency in the sum of \$2,000,000,000, instead of issuing bonds in that amount, bearing a rate of interest at 4 percent per annum. The issuing of nontaxable, interest-bearing bonds by the Government of the United States should be stopped, and this is a good place and time to serve notice on the international bankers and kindred interests that they shall be permitted no longer to gather the cream of the land while so many of our people are suffering from lack of things to eat and wear. The great fortunes of the United States have been made almost wholly by the enactment of special legis-

lation such as nontaxable, interest-bearing bonds, tariff legislation, and other forms of relief for those who are not in need.

The total public debt of the United States, as shown by the reports from the Treasury Department January 31, 1933, amounts to the sum of \$20,601,992,731.90. Nearly all of this enormous sum is in bonds. The United States pays interest each year on these bonds and other forms of Government indebtedness in the sum of \$600,000,000. I claim that this interest is a gift to those who eat but do not produce. Treasury notes can be issued without interest to circulate as Federal Reserve notes, national-bank notes, or other currency, without paying interest to any person.

Instead of the \$2,000,000,000 bond issue at 4 percent per annum, as provided in the first section of this bill, my amendment would provide that the Treasury Department issue \$2,000,000,000 in Treasury notes or currency to circulate as other money. The annual interest on \$2,000,000,000 at 4 percent is \$80,000,000. If Treasury notes were issued, as provided in my amendment, and Congress should appropriate \$80,000,000 per year and place this sum in a sinking fund, it would retire these notes in 25 years, or if \$40,000,000 were appropriated each year they would be retired in 50 years. At the same rate, they would be retired, of course, in less time than this because they would be retired part at a time. Twenty-five-year bonds at 4 percent would cause the Government to pay \$2,000,000,000 in interest in a period of 25 years, and the principal would still stand unpaid. The issuance of nontaxable bonds by the United States Government is unfair to our people. The Budget cannot be balanced by such legislation.

This bill is not just as I would have it, and probably does not conform to the ideas of each individual member of the Committee on Agriculture. I know this committee gave the bill fair consideration and deep study, but all legislation is somewhat of a compromise. I have always supported agricultural legislation, because I know that agriculture is the basis of all business and there can be no prosperity until it returns to the farm. The report of the Committee on Agriculture accompanying this bill shows that in 1933 farm mortgages of the United States amounted to \$8,500,000,000, and personal or short-term farm indebtedness amounted to \$3,500,000,000. This makes a total farm indebtedness of \$12,000,000,000, and there must be relief enacted to relieve these conditions. While this bill is not as I would write it, yet I believe it will render relief to our agricultural interests. Mortgage foreclosures on the farms of our country are increasing all the time. Something must be done. I hope legislation will be enacted to provide for a scaling down of these mortgages. A mortgage for \$1,000 made when wheat was \$1 per bushel and cotton 20 cents per pound is the same now as a \$4,000 mortgage with wheat at 25 cents per bushel and cotton at 5 cents per pound.

In my opinion, if this Congress would remonetize silver, provide for the issuance of certificates against silver bullion, place silver on a parity with gold, and then reduce the content of the gold dollar, this would scale down the indebtedness and raise commodity prices so the farmers could pay out of debt. On the 29th day of March 1933 I introduced a bill providing for an emergency relief program and a method of financing the same. That bill provides that the Treasury Department shall issue Treasury notes or currency in the sum of \$500,000,000 instead of nontaxable interest-bearing bonds. The interest on \$500,000,000 at 4 percent would amount to \$20,000,000 per year. The bill provides that Congress shall appropriate this amount each year, place it in a sinking fund, and it will enable the whole currency issue to be paid off in 25 years. By retiring this indebtedness at intervals the time would be less than 25 years. One of the greatest relief measures that could be enacted into law by this Congress would be to put a stop to the issuance of nontaxable interest-bearing bonds. I wanted to submit this amendment for the consideration of the committee. [Applause.]

Page 2, line 6, after the word "effect", strike out the balance of line 6 and line 7 down to and including "act" and insert in lieu

thereof the following: "The Treasury Department shall issue Treasury notes without interest."

Page 2, line 8, strike out the words "or exchanging bonds" down to and including the word "act", line 10.

Page 2, line 10, strike out the word "bonds" and insert in lieu thereof "Treasury notes."

Page 2, line 12, strike out the word "bonds" and insert in lieu thereof the words "Treasury notes."

Page 2, line 13, beginning with the word "shall", strike out the remainder of the section.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

DIRECT CREDITS FOR THE FARMER

Mr. PATMAN. Mr. Chairman, there is one feature of this bill that I am very much interested in, and that is the feature that relates to direct credits to the farmers. Never before have I had the opportunity to vote for this principle, contained in a bill in the House of Representatives. I believe that the issuance of currency and the handling of a large part of the credit is purely a governmental function, and should not be farmed out to private bankers. In title III of this bill the farmer is granted privileges that will really help every farmer, not just the 42 percent who have their homes encumbered by farm mortgages, but it will help the tenant farmers and the other farmers who have their homes paid for. It will help all the farmers. The farmer who is suffering most today is the farmer who owes several hundred dollars on his farm equipment, his livestock, and other property that he has to carry on his farming with, in addition to his farm mortgage. In addition to that, he owes unsecured debts. Under title III of this bill the Government agent steps in and says to that farmer, "You get your creditors to scale their debts down to where the debts will represent three quarters of the value of the property, and the Government will pay off the creditors with Government money and you will have 10 years to pay the Government back, and during the next 3 years you will not have to pay one penny on the principal, but just pay the Government on the interest for the next 3 years."

FARMERS REFINANCED FOR CURRENT YEAR

In addition to that, the Government steps in and refinances the farmer for the current crop year. He needs money to make this year's crop, and the Government gives him a loan which is sufficient to enable him to make this crop. I consider that a great benefit extended to the farmers, for the reason that in the South, and I know in many sections of the West, the farmers are paying from 10 to 40 percent interest. They go to the banks in the early spring and make arrangements for small loans. The banker does not give the farmer the money he has borrowed all at one time, but he gives him so much each month, and almost by the time the banker has paid to the farmer the last installment the farmer has commenced repaying the loan. So when you figure it out you will discover that the banker is being paid from 10 to 40 percent interest on those farm loans. This bill reduces the farmer's interest rate to not to exceed 5 percent. If a creditor has security on the farmer's livestock and his farm machinery and he does not want to transfer it to the Government, the Government agent will say to him, "All right; you reduce your debt to three quarters of the value of this property", or if it does not represent more than three quarters of the value of the property, then the Government will take a second lien on that property and a first lien on the remainder of the other property that the farmer has, if any, and advance him the money to make a crop with this year. Title III of this bill makes a longer step in the right direction than any bill I have ever had the pleasure of voting for in the House of Representatives.

CREDIT OF GOVERNMENT SHOULD BE USED FOR GENERAL WELFARE

I believe the time is coming in this country, and this is one step in that direction, when the Government will use its credit for the benefit of the general welfare of the American people.

The CHAIRMAN. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. DOXEY. Mr. Chairman, I yield the gentleman from Texas 2 additional minutes.

POWERFUL BANKERS USE GOVERNMENT CREDIT FREE

Mr. PATMAN. The Federal Reserve Act was passed. It was nothing more than a law that permitted the bankers to use Government credit. These private banks, the Federal Reserve banks, have never paid the Government one penny for the use of that credit as provided in section 16 of the Federal Reserve Act. Section 16 of that act says that when Federal Reserve notes, which represent a mortgage on all the homes and all the property of all the people in the Nation, are delivered to the Federal Reserve banks, the Federal Reserve banks shall pay to the Government agent the rate of interest that is assessed by the Federal Reserve Board, and until this good day not one penny of interest has been paid by the private banking institutions for the use of billions and billions and billions of dollars of credit every year.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WEIDEMAN. Has the gentleman determined the amount that the Government of the United States would have due to it if the bankers had paid the amount they should have paid to the Government, and is it not a fact that if that had been paid, we would not have been compelled to penalize the veterans?

Mr. PATMAN. The gentleman is correct and I thank him for his contribution. If that law had been complied with as written—and it is still the law, not one word of it has been repealed—we would not have an unbalanced Budget. Neither would we have a deficit in the Treasury of the United States today. Many people will starve in this country because the powerful private bankers have been given special favors and used the credit of the Nation free of charge.

I hope the time will come in this country when the credit of this Nation will be used for the benefit of the producers and the wage earners as well as the big banks. Title II is a long step in that direction. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, recently there was conducted by the University of Minnesota a survey of farm income in the southeastern part of the State, the most prosperous section in Minnesota, a section which was affected little, if at all, by the land speculation of 14 years ago, a section where the dairy cow has long been a symbol of contented prosperity. The survey showed that 143 farmers, a fair cross section of southeastern Minnesota, in 1932 earned no labor income. On the contrary, they lacked, on the average, \$768 of earning 5 percent interest on the fair value of their investment.

There is probably no part of this country better fitted for successful agriculture than this region; still the farmers tilling its soil, after giving their labor and that of their families without compensation, lacked \$5 an acre of making ends meet.

It should be evident from the results of this survey that loaning them money at 4½ percent interest will fall far short of saving the farmers of America. In Minnesota the farm-loan rate has been from 5 to 5½ percent during the very period when agriculture has sunk from the comparative affluence of 1919 to the desperate, hopeless poverty of 1933.

If, with an interest rate of 5 percent, we sank deeper and deeper into debt during the last 13 years, during much of which time the prices of farm products were three times what they are now, let me ask you upon what you base your hope that a one half percent reduction in the interest rate will accomplish our economic recovery?

Most of the present farm debt was created at a time when the products of agriculture brought from three to five times what they bring today. In 1920 it required 200 bushels of wheat to pay the interest on a \$10,000 farm mortgage. Today it requires 1,200 bushels. A 5-percent note executed in 1926 draws 15 percent interest today on the basis of

the amount of produce required to pay it, and if the note was executed in 1920 it draws 25 percent. There is no industry in the world that can have the burden of its debts increased fivefold in 13 years and survive.

I am aware that it will be argued that the solution of the problem lies in better prices. I realize that higher prices are needed, and I hope that the measure we passed the other day will bring them. Let me remind you, however, that prices might be doubled, and they still would be a third lower than they were in 1926 and less than half of what they were in 1920. Any reasonably anticipated increase in the price level must be accompanied by a substantial reduction in the interest burden if the relief given shall be sufficient to save agriculture from universal bankruptcy.

Let me add that it is extremely doubtful whether the price reaction in any event will come soon enough to head off disaster, unless the burden of the present indebtedness be radically reduced. There are crop surpluses on hand which will, for some considerable time, offset any reduction in acreage. Price adjustment will at best be slow. It would be almost convincing proof that miracles still happen if, in the face of the depressing influences against which the new devices will have to contend, price adjustment could be accomplished in time to head off catastrophe.

Interest rates must be reduced. They must be based upon present, or reasonably prospective, earning power; not upon what we may dream or imagine earning power will be some years hence. Prices have been deflated, and interest rates must be deflated accordingly, if we would reestablish the solvency of the Nation. Logically, the only alternative is inflation, and let me add parenthetically that I am for a reasonable amount of it.

The next question is, granted that the interest rate should be reduced, at what point it should be fixed. From the facts to which I have referred, the conclusion would be unescapable that, on the basis of his present capacity to pay, the farmer should be charged one third of the rate he paid in 1926, which would be about 1⅓ percent. If he paid 3 percent the farmer would be generous—he would be showing the same kind of generosity he exhibited during the long decades when, Lazarus-like, he was content to pick the crumbs which fell from the table where Dives dined on the rich viands of special privilege.

You ask, "Where will the money come from to refinance farm loans at so low a rate of interest?" I am aware of the fact that the last offering of Federal securities brought 4 and 4¼ percent. At first I was inclined to agree with those who saw in this the first sure sign of Democratic ineptitude, but I was forced to change my mind when I learned that the last issue under the late Republican administration was sold at a discount of 4.26. Then I concluded that the Democratic administration in equaling a Republican performance had exhibited statesmanship of high order.

However, I am not one of those who believe that it is necessary for the United States Government to pay 4 percent interest on its borrowings. What the Government has to do during a period of great uncertainty, when the banking system of the country is in utter collapse, when every bank is closed, and when confidence in the financial stability of the Government itself is shaken, is no criterion of what it should do under conditions more nearly normal. Not long ago, short-term offerings were over-subscribed at three fourths of 1 percent. Long-term securities will carry a higher rate, but there is every reason to believe that securities backed by the Government will command a premium.

From now on, with every industry overbuilt, every business overexpanded, every corporation overcapitalized, the investing public will experience increasing difficulty in finding places for prudent and safe investment. More and more the people will entrust their surplus capital to the Government. Two percent interest has attracted hundreds of millions of dollars into the postal savings banks. It is a mistake to write 4 percent into this legislation. It is an invitation to establish a rate which under present conditions is not only excessive but usurious. Leave "4 percent" in this bill, and we will pay 4 percent. It would

be better to place no limitation than to place one that is too high.

But we have a club with which to hold interest rates on Government borrowings down. Why do not we use it? The power to issue currency is that club.

You say that there must be adequate gold reserves to back the currency? We have a wide margin of safety. You say that currency must be kept instantly redeemable. Go to the Treasury with a \$100 bill today, and see how much gold you get. You say we must stay on the gold standard? The essence of the gold standard is redemption. If that is true, then today we have the gold standard in reverse.

If the Government has some of your gold, and you hold the equivalent of a warehouse receipt to prove it, you cannot get your gold. If you have some of your own gold in possession, the Government not only demands that you surrender it, but enforces its demand with the penalty of imprisonment. I am no longer going to get excited when somebody warns me that doing thus and so will put us off the gold standard. Many things have happened lately to strengthen economic heretics in their heresies.

To say that we are on a gold basis is to juggle with words. We recently authorized the issuance of currency against commercial paper held by distressed banks. If the promissory notes of shaky business men, held by shaky banks, is good security against which to issue currency, then the objection to the issuance of currency against bonds secured by mortgages on the Nation's only permanent and imperishable wealth—land—loses its point.

So, by the logic of events, I have been forced from my ancient moorings. There was a time when I considered certain features of the Frazier bill absurdly unsound. But when I saw the Nation's faith and credit used to support tottering banks, embarrassed life-insurance companies, and railroads hopelessly in red, I changed my mind. If the most respectable economists and the most conservative business men could give their high approval to such a venture, then I concluded it was not economic heresy to expect and to ask a like solicitude for that industry upon the well-being of which depends the solvency of banks, insurance companies, and railroads.

Mr. Chairman, I regret that the majority found it necessary to adopt a rule against amendments. As a Member new to this body but somewhat experienced in legislative procedure elsewhere, I find it difficult to understand how a similar rule, enforced by another party at certain times in the past, justifies the present restriction. Certainly two wrongs do not make a right.

So lacking the opportunity to support amendments, I hope I shall have a chance to vote for a motion to recommit, to the end that there may be full consideration of facts and arguments which I feel the committee must have overlooked. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, the gentleman from Minnesota [Mr. CHRISTIANSON], in conjunction with others, complains that there is no opportunity to offer amendments. I am satisfied that if the gentleman from Minnesota or any other gentleman has any real, constructive amendments to offer to the bill and will submit them to the splendid Committee on Agriculture, which has devoted so much time to this legislation, the committee will give them favorable consideration.

I myself am one of those who believe that the House should have an opportunity at all times to consider legislation under the so-called "liberal 5-minute rule." But I have tried for many years to obtain legislation that would relieve the farming situation in this country and have voted for every farm bill that was brought before the House; yet the condition of the farmer has not grown better; in fact, has grown much worse. Now, here is a bill that offers real and immediate relief to the farmers. That it is not perfect no one will deny; but I leave you draw your own conclusions as to the kind of bill we would have if every

Member were to have his particular amendment adopted and made a part of this bill.

In my estimation, the administration and the committee, which have considered this proposed legislation for many weeks, are in a better position than any individual Member or group of Members of this House to say to the House and to the country, "Here is the most feasible bill that can be passed"; and I, for one, believe we should have confidence in their judgment.

I know the President has devoted not only weeks but months to this proposition. He desires to be of real and immediate aid to the farmers, and in this way to the country. For this reason I question the wisdom of bringing in at this critical time a bill that is open to amendment, feeling that the herculean efforts of the administration and the committee to bring about speedy and practical relief would be abrogated by this provision.

I myself could suggest a dozen amendments to this bill that, in my own humble judgment, might improve it; but I am not going to set myself above the committee and the President and his advisers and say that my judgment is superior to theirs.

Therefore, although I am as desirous as anyone to offer amendments, I will, in deference to the judgment of the President and his advisers and of the Committee on Agriculture, withhold my views.

I have stated on this floor many times that if we could eliminate the speculation and gambling that is taking place on our exchanges, which is destructive to fair prices of farm commodities, the farmer would be aided and prices would be improved and increased. I believe that not until the purchasing power is restored to the farmers of this country can we expect the return of prosperity, and therefore I am willing to follow the President and the committee in any constructive legislation.

But this is merely a beginning. There will be other bills forthcoming, and we will have the opportunity in the near future to legislate for the farmers and for the wage earners and residents of the large centers who have suffered more perhaps than the farmers of the United States. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Chairman, in my opinion the farm is the backbone of our country. Without it, nothing else would be of value. Life is sustained by the farmer.

The farmer is the worst handicapped of any class. Price fixing of machinery, fertilizer, and so forth, and maintained at near-peak prices, which the farmer must pay, has ruined him. He takes his crop to market, and high handling costs leaves him little, sometimes nothing, and he must take what he is offered.

The trouble on the farm started in 1920, and not in 1929. His panic began 9 long years before the real panic. To pacify him, he was given a palliative—a farm mortgage—then a crop and seed loan. What he needed was a market, lower tax, an equal distribution of tax, lower interest; in other words, a fair, equitable deal.

Farm mortgages were made covering debts made when things were at highest-peak prices. The rates of interest were peak rates. Today the farmer receives less than half for what he sells than he received then, but his interest rate remains unchanged.

If agriculture is to be restored, one most important thing is a reduction of the interest rate commensurate with the price he receives for his products; and with the Federal Government lending aid, the rates can and should be greatly reduced.

A 3-percent rate of interest would be more in keeping with his returns today; 3-percent nontaxable bonds, gilt-edge securities replacing frozen loans—loans on which neither principal nor interest is being paid—would be a great step toward prosperity to the mortgaged farmer.

MONEY NOT TOUCHED

Almost everything and everybody has received the ax generously since this panic started—all labor, storekeepers,

property owners, and so forth. It is difficult to find anyone anywhere who is not reduced—many to poverty and complete loss of a life's savings. Even millions have lost all. Yet the money lenders of the big centers, the big bankers, are still getting, as Shylock did, their pound of flesh.

Our Government loans to shipping interests and others, I am informed, from one half of 1 percent up to 2 percent per annum. Why, then, should not our Government step in and give relief to our agriculturalists and compel a lowering of interest rates to a parity of prices received by them for their farm products.

Protection and subsidies are given to manufacturers, shipping interests, airplane interests, but the farmer has been caught between the two millstones.

The choice today is:

First. Reduce drastically the interest rate on all farm mortgages for a short period (5 years is necessary); or

Second. The liquidation of a few million farmers, who will lose their farms and be thrown on the towns and cities to join our present unemployed army of millions.

Here is an opportunity to aid millions at nominal cost to the Government by comparison.

I shall support this as a part of the great relief program of the President, which I believe to be worthy of the support of every Member of Congress. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I ask unanimous consent to incorporate in my remarks a farm bill.

The CHAIRMAN. Without objection, it is so ordered.

Mr. SHOEMAKER. Mr. Chairman and friends of this Congress, we are confronted here with very serious issues. For years and years this Congress or the United States Government has issued to private industry money at an exceptionally low rate of interest. I am asking today that the farmer be granted the same opportunity to borrow money at the same rate of interest that is paid by the Shipping Board, by the railroad corporations, and various other private interests.

To illustrate: The National Grain Corporation, which is nothing more than a political set-up, not long ago borrowed \$15,500,000 from the Government at an interest rate of one eighth of 1 percent. I have been told that they turned right around and with that money bought United States Government bonds paying 4½ percent. They are paying salaries of fifteen to twenty-five thousand dollars out of that profit they are making from the Government.

With regard to this farm-mortgage proposition, in the State of Minnesota in 1923, we passed a rural credits bureau act, establishing a rural credit bureau to loan State money to farmers at 5¼ percent interest. That is 10 years ago, when farm prices were still fair. Money was loaned on 13,434 farms. Since that time 6,129 of those farms have become delinquent and 3,190 have been foreclosed, leaving less than 30 percent or 4,115 of those farms in good standing, and that with an interest rate of 5¼ percent. I ask in all fairness, What will it do with three fourths of 1 percent reduction under this bill? If they could not pay and save their farms at 5¼ percent 10 years ago, how can they pay their interest at the rate of 4½ percent now under conditions that we are confronted with today?

The records of the Department of Agriculture show that the average owner-operated farm in 1930 had a mortgage of \$3,550 against it, while the average tenant-operated farm had a mortgage of \$7,780. If we take the average owner-operated farm, and we cut the interest rate 2 percent on a \$3,000 mortgage, it would constitute a saving of approximately \$60 a year, and does this Congress feel that with \$60 a year we are going to pull the average farmer out of the hole? Sixty dollars a year is just an aggravation when it comes to real benefits for the farmer.

The State legislatures of 21 States have memorialized Congress to refinance the farm debt of the United States by issue of Federal Reserve notes—carrying no interest burden on taxpayers.

These 21 States carry a farm-mortgage debt, as ascertained by the United States Department of Agriculture,

amounting to \$6,689,000,000, or 70 percent of the total farm-mortgage debt of the United States.

These memorials of 21 States to Congress represent the sentiment of both branches of the respective State legislatures, signed by their governors, lieutenant governors, and speakers.

In our representative system of government are the views of the legislative bodies of States carrying 70 percent of the farm debt of the United States—officially transmitted and recorded in the CONGRESSIONAL RECORD—worthy of consideration by a Congress engaged in framing a measure to refinance farm debt?

Among the State legislatures memorializing Congress to employ non-interest-bearing Federal Reserve notes to refinance the farm debt was the great State of Illinois, represented by the Speaker of this House.

Illinois, which carries \$685,365,000 of farm-mortgage debt, the second largest of any State in the Union, was one of the first to memorialize Congress for the Federal Reserve note plan embodied in the Frazier bill. Illinois is presumed to be one of our safe and sound States—which is apparent in the fact that it gives us our venerated Speaker, the mainstay of the administration.

Shall we not listen to the great State of Illinois in legislative body duly assembled pursuant to the Illinois Constitution?

Among these 20 States were the Big Five which head the list in volume of farm-mortgage debt, which rank as follows:

Ranking State:	
Iowa.....	\$1,402,178,000
Illinois.....	685,365,000
Nebraska.....	599,418,000
Minnesota.....	558,458,000
Wisconsin.....	529,992,000

The Big Five alone carry nearly 40 percent of the total farm-mortgage debt of the United States—a larger aggregate farm debt than that of all the 28 States which failed to memorialize Congress for the Frazier bill.

Following the Big Five came seven Middle West and Western States carrying farm debts ranging from \$200,000,000 to \$500,000,000 each, in order of rank as follows:

California.....	\$460,511,000
Kansas.....	447,588,000
South Dakota.....	370,946,000
Indiana.....	277,269,000
Michigan.....	235,399,000
North Dakota.....	230,250,000
Oklahoma.....	228,513,000

The combined 12 States thus far listed for the Federal Reserve note plan of farm-debt financing have an aggregate farm-mortgage debt of over \$6,000,000,000, or 63 per cent of the United States total.

Still, there are eight more States of the West and South, all supporting the plan of Illinois, which gave the House its Speaker:

Colorado.....	\$144,464,000
Montana.....	104,852,000
Tennessee.....	96,711,000
South Carolina.....	77,214,000
Oregon.....	110,875,000
Idaho.....	100,033,000
Arizona.....	29,006,000
Nevada.....	13,997,000

The total of 20 farm-mortgaged States from which Congress has received legislative memorials for the Federal-note plan bring to us an aggregate farm debt of \$6,689,000,000, 70 percent of the national total, to back their legislative judgment.

FARM MORTGAGES BY CLASS OF MORTGAGEES

The total farm-mortgage debt of \$9,468,526,000 is classified by the United States Department of Agriculture according to percentage of holdings by the principal lending agencies, as follows:

	Percent
Insurance companies.....	22.9
Federal land banks.....	12.1
Joint-stock land banks.....	7.0
Commercial banks.....	10.8
Mortgage loan companies.....	10.4

	Percent
Retired farmers.....	10.6
Active farmers.....	8.6
Other individuals.....	15.4
Other agencies.....	7.2

Insurance companies, the largest class of mortgagees, hold nearly one fourth of the total farm-mortgage debt of the United States.

Testimony before congressional banking committees, House and Senate, shows that some of the larger insurance companies have divided their mortgages into two main classes, "good loans" and "bad loans." Their financial agents are instructed to settle "good loans" on offers of 50 percent of the face value of the mortgage, and to refuse no cash offer of any kind for settlement of "bad loans."

This indicates that the mortgages held by such insurance companies have a present cash value of 50 percent or less. If they can get Uncle Sam to hold the bag for full face value of the mortgage, the mortgagee companies stand good to "soak" the American taxpayer for a billion or so.

Nearly half of the farm mortgage debt is borne by the farms of the West North Central States—Minnesota, North and South Dakota, Iowa, Nebraska, Missouri, and Kansas—which carry an aggregate of \$4,056,187,000, being 43 percent of the country's total.

In these West North Central States insurance companies hold 32.3 percent, or nearly one third of all farm mortgages, and mortgage companies 15.1 percent, with other agencies 5.8 percent—an aggregate of 53.2 percent in the hands of mortgage agencies, against only 7 percent Federal land banks.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. DOXEY. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. SHOEMAKER. In the five East North Central States—Wisconsin, Michigan, Illinois, Indiana, Ohio—insurance companies hold 19.4 percent, "other individuals" 17.2 percent, commercial banks 14 percent, retired farmers 14.1 percent, Federal land banks 8.2 percent.

In the aggregate of the 12 States of the so-called "Middle West" the farm-mortgage debt approximates \$6,000,000,000, or 63 percent of the United States total, in which the principal holders are insurance companies and other mortgage agencies. These are the States that have memorialized Congress to enact the Frazier plan of issuing Reserve notes for settlement of mortgages at the appraised present cash value—in lieu of the mortgage-agency plan of bond issues to leave Uncle Sam and the taxpayer holding the bag for the face value of the mortgage with a fine profit of margin for a pool of speculators.

Refinancing by Reserve note issues at present cash value of mortgage after fair appraisal by the Government has three points in favor of public welfare:

First. It involves no interest burden to be met by the taxpayer.

Second. It gives no subsidy or graft to the mortgagee—no "dole" to a speculative pool.

Third. It keeps down the public debt and helps Uncle Sam to balance his Budget.

That is the way it looks to the State legislatures of the 21 great Commonwealths that carry 70 percent of the farm-mortgage debt of the United States—including the State that gives the present Congress the greatest Speaker since Muhlenberg, the Speaker of the first American Congress. [Applause.]

Mr. ARENS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman has again expired.

Mr. DOXEY. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. ARENS. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. Yes.

Mr. ARENS. I have a telegram here which I have just received from the chairman of the Department of Rural Credits, which reads as follows:

Total mortgage loans made, 13,434; total delinquency, 6,129; total farms acquired, 3,190.

Out of 13,000 and odd farms that the State of Minnesota loaned money on, it will be seen that 6,129 are delinquent, and over 3,000 have been foreclosed. Four thousand and odd remain in good standing. The interest rate fixed when I was a member of the Senate of the State of Minnesota 10 years ago was 5¼ percent, plus 1 percent for amortization.

Mr. SHOEMAKER. Mr. Chairman, I shall support a motion to recommit this bill and send it back to the committee for reconsideration, and I trust that our Agricultural Committee will see fit to give this the consideration that I feel it is entitled to, so that we may issue against these farm mortgages a Federal bank currency which will do something toward bringing money into the country and helping and assisting the American farmer, and which will also have a tendency to raise the price of farm products. Until we do that they cannot pay the interest, even though it be 1 percent. [Applause.]

Under unanimous consent I append herewith H.R. 4799, which I introduced:

Be it enacted, etc., That it shall be the policy of the Government of the United States to issue to the producers of three basic and nonperishable farm products—wheat, cotton, and tobacco—under regulations and limitations to be prescribed by the Secretary of Agriculture, certificates of purchase which bear no interest and which shall be a legal tender for all debts, public and private.

Sec. 2. For the purpose of effecting the intention of this act the Secretary of Agriculture shall have power to license inspectors and graders and establish rules for their guidance and to determine what shall constitute approved storage upon the land of the producer or producers. It shall be the policy of the Government to pay no charges for storage in public warehouses.

Sec. 3. (a) For each 1,000 bushels of contract grade of wheat grown in the United States in the year 1933, inspected, stored, and insured in a manner approved by the Secretary of Agriculture and the title thereto delivered to him, the Secretary of Agriculture shall receive from the Secretary of the Treasury \$1,000 in legal-tender certificates of such denominations as he, the Secretary of Agriculture, desires, and after deducting 3 percent as administration costs shall turn over to the seller, who provides suitable contract for the storage of the wheat free of charges on his premises until sold, the remaining 97 percent of the certificates so issued. The face value of certificates for other grades of wheat are to be regulated by prevailing custom, of which the Secretary of Agriculture shall be the sole judge.

(b) For each 1,000 pounds of cotton middling in grade and seven eighths inch in staple length grown in the United States in the year 1933, inspected, stored, and insured in a manner approved by the Secretary of Agriculture and the title thereto delivered to him, the Secretary of Agriculture shall receive from the Secretary of the Treasury \$100 in legal-tender certificates in such denominations as he, the Secretary of Agriculture, desires, and after deducting 3 percent as administration costs he shall turn over to the seller, who provides suitable contract to store the cotton free of charge on his premises until sold, the remaining 97 percent of said certificates. The purchase value of other grades and staples of cotton shall be regulated by prevailing custom, of which the Secretary of Agriculture shall be the sole judge.

(c) Upon the application of the grower of tobacco the Secretary of Agriculture shall cause to be inspected and graded all kinds of tobaccos of which 100 tons or more are grown in the United States in 1933, and upon approval of inspection, storage, and insurance, and title thereto delivered to him, shall cause to be issued to him such values in legal-tender certificates by the Secretary of the Treasury as are consistent with a fair profit to the grower and financial prudence on the part of the Government; and the Secretary of Agriculture, after deducting estimated costs of administration, shall turn over to the seller, who provides suitable contract for the storage of the tobacco without charge on the premises until sold, the remaining part of the certificates. The Secretary of Agriculture is authorized to name the minimum amount of each grade of tobacco which shall be a basis of an issue of legal-tender certificates.

(d) The word "seller" as used in this act means any person, association of persons, partnership, or corporation engaged in the growth of tobacco, wheat, or cotton, the title to which is conveyed to the Secretary of Agriculture.

(e) In no case shall legal-tender certificates be paid by the Secretary of Agriculture to any person, association of persons, partnership, or corporation not the actual grower of the tobacco, wheat, or cotton for which the certificates are issued.

(f) It is the intent and purpose of this act that the Secretary of Agriculture shall purchase all wheat, cotton, and tobacco offered if grown in the year 1933 at the prices and under the conditions herein mentioned.

Sec. 4. Under such conditions as may be agreed upon by the Postmaster General and the Secretary of Agriculture, every mail carrier and postmaster throughout the United States shall be required without extra pay to handle samples of these three farm

products and have them tested and appraisals made and see that proper storage is provided for on farms covered by their respective mail routes or in a territory served by such postmasters or carriers, to fill out the applications to the Secretary of Agriculture for legal-tender certificates, and report to the Secretary of Agriculture for the United States.

SEC. 5. Any wheat, cotton, or tobacco of the growth and crop of 1933 may be sold by the Secretary of Agriculture to any miller, trader, processor, or exporter in return for the amount of legal-tender certificates issued against a like amount and quality of the commodity in storage sold and an additional amount of other currency to cover costs of administration, transportation, or profit. For this and other purposes the Secretary of Agriculture shall set a basic transportation rate on all wheat, cotton, and tobacco, with the same milling in transit, concentration, storage, or other special service incident to transportation provision as exists at the time of the sale, so that the cost of transporting the same freight shall be the same amount regardless of the distance it is hauled within the United States.

(b) In no case shall the Secretary of Agriculture sell wheat, cotton, or tobacco for less than the amount of certificates issued against the same amount and quality of the commodity sold plus the cost of administration and equalized transportation. If any profit should accrue to the Government from the operation of this act, it shall be kept in a separate fund to be administered as Congress shall further declare. The Reconstruction Finance Corporation is hereby authorized to lend to the Secretary of Agriculture such sums as may be reasonably necessary to the operation of this act.

(c) All legal-tender certificates received by the Secretary of Agriculture in payment for wheat, cotton, or tobacco shall be immediately retired by the Secretary of the Treasury.

(d) Any importer holding legal-tender certificates issued against wheat, cotton, or tobacco under the authority of this act, upon proper showing to the Secretary of the Treasury that currency of the United States backed by gold or silver is necessary for a transaction or transactions with aliens in a foreign state, the Secretary of the Treasury is authorized to receive such wheat, cotton, or tobacco certificates at par for currency of the United States.

SEC. 6. Any willful misrepresentation concerning or burning, stealing, or in any way willfully or with lack of ordinarily prudent care destroying value in wheat, cotton, or tobacco in the control of the Secretary of Agriculture under this act shall be punished by a fine of not more than \$1,000 or imprisonment of not more than 5 years, or both.

SEC. 7. The authority of the Secretary of Agriculture under this act shall not extend to the wheat, cotton, or tobacco crops of 1934, 1935, or 1936 without the express order of the President of the United States, which express order may limit but not enlarge authority under this act. No authority under this act shall extend to any crops not grown and stored as approved by the Secretary of Agriculture before January 1, 1937.

SEC. 8. Acts and parts of acts inconsistent with the terms of this act are hereby suspended during the operation of this act insofar as they are inconsistent.

SEC. 9. Should part of the provisions of this act be declared void, all others operable shall remain in full force.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and incorporate therein a resolution which I have introduced and several excerpts.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, this bill introduced by our colleague, Mr. JONES, as chairman of the committee, was sent to us by the President of the United States. The President had it prepared by his experts. It is a part of his plans and policies in a program seeking economic recovery for the entire Nation. While the bill does not suit me, and while I would change many of its provisions, I am going to support it. I have made up my mind that during this crisis I am going to support every measure that the President sends us, and which he tells us that he needs, and which he says is a part of his plans and policies, save and except one subject, and only one, and that is intoxicating liquor, upon which I am definitely pledged to the people I have the honor to represent. I am not going with him on liquor but I am going along with him on every other subject.

As soon as the Seventy-second Congress met in December 1931, I then introduced a measure to stop foreclosures of farms during the depression and to provide for the redemption of farms already foreclosed. This bill, House Joint Resolution 79, was referred to the Committee on Banking and Currency on December 8, 1931. Other similar measures were sent to that committee. It held hearings and would

have favorably reported the legislation if it had not been stopped by the Treasury Department.

The preamble of the measure I introduced recited the following:

Joint resolution authorizing and directing Federal land banks to suspend and withhold foreclosure of mortgages during the present depression, where farmers are unable to make payment of interest or principal due, and to provide for redemption of any such farm lands foreclosed since April 1, 1930

Whereas it was the intent and purpose of Congress when passing the Federal Farm Loan Act in July, 1916, to aid and protect farmers in times of distress and not to ruin and rob them of their farms; and

Whereas when creating Federal land banks Congress provided that if the initial \$750,000 capital required for every Federal land bank was not subscribed within 30 days the Secretary of the Treasury should subscribe for it on behalf of the United States; that all salaries and expenses of the Federal Farm Loan Board supervising such banks be paid annually by the Government; that such banks be national depositories; that the capital, reserve, surplus, and income of every Federal land bank be exempt from all taxes, Federal, State, municipal, and local; that the mortgages and bonds of said banks shall be deemed and held to be instrumentalities of the Government of the United States; that the bonds of said banks shall be a lawful investment for all fiduciary and trust funds, and may be accepted as security for all public deposits; and other subsidies were extended to said Federal land banks by the Government to enable them to grant special aid and protection to distressed farmers; and

Whereas certain portions of the agricultural sections of the United States have been afflicted with prolonged and continued droughts, and with unprecedented low prices for farm products, making it impossible for certain farmers who are borrowers from the Federal land banks to meet the interest and other maturities on their loans; and

Whereas the Federal land banks have harshly adopted the policy of granting no extensions regardless of circumstances, and illustrative of such policy, the Federal Land Bank of Houston, Tex., one of the 12 such banks authorized and created by Congress, in its booklet distributed in 1931 to its 56,767 farmers who had borrowed \$151,600,000, entitled "Why the Federal Land Bank Can Grant No Extensions", cold-bloodedly announced:

"All borrowers should understand that it is a waste of time to ask for extensions. If one cannot pay, then he should sell his farm to one who can and will";

And asserting further in such booklet that the Federal land bank is not a Government institution; and

Whereas Congress alone can stop this wholesale foreclosure of farms, and without appropriate action these distressed farmers and their wives and little hungry children will be turned out into the cold and lose their homes: Therefore be it

Resolved—

And so forth. And, Mr. Chairman, in such measure I provided adequate machinery to stop all foreclosures of farms during this depression, where farmers were financially unable to pay, and to provide means of redeeming and recovering back the numerous farms which have been improvidently foreclosed since April 1, 1930.

I feel encouraged that my efforts have helped to bring this acute situation to the attention of the President, and I feel that my efforts have helped to influence him to send this remedial legislation before this Congress which we are now considering. I hope and pray that it may be sufficient to afford much-needed relief to the many distressed farmers of the United States.

This bill is in the nature of a fulfillment of a promise which our President made to the farmers when he was on the hustings seeking election. Naturally it does not suit all of the 435 Members of this House. It would be extremely hard to frame any bill that would suit all of us exactly. But because it does not suit some of us Democrats, is that any reason why we should deny to the President the right and opportunity to put his own plans into execution? If we stop any of his proposals, we will break the sequence of his plans and he will not have an opportunity to put his policies and program into effect. So I am going down the line with him, excepting the one subject of liquor, during this crisis.

When the time comes for us to reassert our constitutional powers after our country gets back to normalcy, then I am going to stop going along.

And in this Congress I am not going to support measures that do not appeal to me, when they are not specially

requested by the President. There will be plenty of such measures for us to stop.

For instance, are your farmers at home interested now in spending \$48,500 on a junket trip over to Rome, Italy, every year, spent in the name of farmers?

Mr. PIERCE. No.

Mr. BLANTON. Not a bit. No. It is ridiculous.

Mr. PIERCE. It is nonsense.

Mr. BLANTON. Yes; it is nonsense. I hope that every new Member in this House will help stop that, because such a bill is soon to come before this House. The Committee on Foreign Affairs this morning favorably reported House Joint Resolution No. 149, the first part of which reads as follows:

Joint resolution authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy

Resolved, etc., That the sum of \$48,500, or so much thereof as may be necessary, is hereby authorized to be appropriated annually for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy, to be expended under the direction of the Secretary of State.

Note, if you please, that this is a \$48,500 junket to Rome, Italy. Note, too, that it is to be an annual affair, and that after you pass this bill, there will be spent on such a junket \$48,500 every year until Congress can pass another law to stop it. It could not be stopped without a law being passed to stop it. This has been going on for several years, and I have been making a fight each year to stop it. I succeed in knocking the appropriation out on a point of order, and then it is put back in the Senate. But when you pass this bill, it cannot be stopped on a point of order.

I want you to note another thing about this resolution. The main committeeman on this junket has been getting only \$5,000 for his service each year. It is proposed to raise his salary to \$7,500 plus his expenses. Note subdivision (2) of the resolution:

(2) Not to exceed \$7,500 for the salary of a United States member of the permanent committee of the International Institute of Agriculture.

We have reduced and cut \$1,500 off of our own pay, and have cut an additional 2 months' pay off of our own term, and have reduced our mileage 25 percent, and have reduced our stationery allowance for office expenses 25 percent, and have reduced our allowance for clerical hire \$750 per year, which reduction many of us bear out of our own pocket rather than reduce our employees who have dependents to support, and yet when we will do all that to ourselves, we are asked by this resolution to increase the pay of this useless junketeer from \$5,000 to \$7,500, when the whole junket ought to be abolished.

Note subdivision (3) of this resolution providing for the maintenance of quarters at Rome, Italy:

(3) Not to exceed \$5,500 for rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (46 Stat. 818); compensation of subordinate employees without regard to the Classification Act of 1923, as amended; actual and necessary traveling expenses; and other contingent expenses incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture.

Mr. TABER. Will the gentleman yield?

Mr. BLANTON. In just a moment I shall be glad to yield. What farmer, or what Representative here specially looking after the interests of the farmers would expect a good farm measure to come from the Committee on Foreign Affairs? Incidentally, we want some home-affairs committee to handle the farmers' problems in this country. [Applause.]

Mr. BLOOM. Will the gentleman yield?

Mr. BLANTON. I knew I would get a rise out of my friend Sol Bloom from New York, because this is one of his pets.

Mr. BLOOM. Will the gentleman, before he answers that, read the next paragraph, so as to show how this money is to be expended?

Mr. BLANTON. I have read all three paragraphs. None are good. I want to say to my friend Sol—

The CHAIRMAN. The time of the gentleman from Texas [Mr. BLANTON] has expired.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Texas 2 additional minutes.

Mr. BLANTON. The gentleman from New York [Mr. Bloom] did the finest work in the world on the George Washington Bicentennial Commission, and he ought not now spoil it. He got more of good for the people of the United States out of the money he expended than they have ever gotten before. He ought not spoil it by any such foolishness as this wasteful resolution.

Now, I want to call attention to something else. There is now pending on the calendar under a privileged rule another companion resolution, known as the Sirovich resolution—

Mr. BLOOM. Oh, no; not a companion resolution.

Mr. BLANTON. It is companion in the sense that it is unnecessary and will provide another useless, expensive junket. I want to tell Sol this, that before this special session adjourns you Members had better watch out for many of these junket-trip resolutions. [Applause.] I want to see, when they call up that Sirovich resolution, which is a waste of public money, which provides that they can employ lawyers without limitation and pay them salaries without limitation, that they can employ experts without limitation, just how many Members will vote for it, for it is nothing on God's earth but a foolish waste of money; and when that comes up under that rule I hope that every one of you new Members will be here and will help us to defeat it. If you will help, we will kill it. We ought to stop every one of them that comes up in this Congress. We ought to get back to normalcy, and we ought to quit spending money foolishly in the name of the farmers and the American taxpayer when it does not help any farmer at all. [Applause.]

This Sirovich resolution (H.Res. 95) proposes to create a special committee of seven Members of the House; and proposes that it, or any subcommittee of it, may sit at any time it desires, and may sit anywhere in the United States, or Europe, or the whole world for that matter, that it may desire, wholly without any limitation. And the taxpayers of the United States will have to pay the bill. Section 3 provides:

Sec. 3. The committee is empowered to subpoena persons, records, documents, swear witnesses, and to secure such data and any or all other information as may be deemed necessary to aid the committee in the ascertainment—

And so forth. And the taxpayers of the United States will have to pay all of the witness fees and traveling expenses and cost of attendance by such witnesses wholly without any limitation being placed thereon by Congress.

Section 4 provides:

Sec. 4. The committee is authorized and empowered to employ such legal counsel, technical or other counsel, auditors, clerical, stenographic, and other assistants, to make such expenditures, including expenditures for actual travel and subsistence of members and employees, and for such other and further expenditure as are necessary for the efficient execution of its functions under this resolution, including transcription, printing, and binding of data and reports.

Note that this special committee may employ all of the lawyers that it wants. No limitation is placed on it as to the number of lawyers. Note that no limitation is placed on the committee as to the size of the legal fees it may agree to pay the lawyers. The committee may contract to pay any fee it desires to pay, and the people of the United States will have to foot the bill. No limitation is placed on the number of technical experts it may employ or the salaries it may pay them. No limitation is placed on the number of auditors, or stenographers, or clerks, or other assistants it may employ, or the salaries it may pay them. This resolution could cost the people a tremendous sum of money. No such resolution ought to be passed by this Congress. We ought to defeat it when it is called up.

Mr. LUNDEEN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LUNDEEN. I want the gentleman to know that while both he and I are interested in baseball and football, the Farmer-Labor delegation is here listening to him this afternoon.

Mr. BLANTON. I never think about who else is listening to me besides my colleagues present before me.

Mr. LUNDEEN. I want the gentleman to know we are on the job.

Mr. BLANTON. That is good. You have to keep on the watch, all of you. At the last part of a session is when these things come up, and they always look very innocent. You have to look down between the lines and check them up. They are brought in here with 30 minutes' debate, and you must be on the watch for them to be able to stop them. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. DOXEY. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Mr. Chairman, I am very glad I have the opportunity to answer my friend the gentleman from Texas [Mr. BLANTON] and explain to you about this resolution. My only thought in rising at this time is not to allow the Members who listened to the gentleman from Texas to get the wrong idea and imagine that this is going to be a junket. It is nothing of the kind. This resolution is recommended and endorsed by the President of the United States; it is approved by the Secretary of State; and it is approved by the Secretary of Agriculture.

Mr. BLANTON. But it is not one of the President's bills, even though someone may have gotten it endorsed by Franklin D. Roosevelt, and the President is the man we are following. We are not following this, that, or the other department, but the President. [Applause.]

Mr. BLOOM. That is the time for the applause to come in. There is no question about that, but let me tell the gentleman from Texas, I said that this was endorsed by the President of the United States, so that means Franklin D. Roosevelt.

Mr. MCGUGIN. Will the gentleman yield?

Mr. BLOOM. I yield.

Mr. MCGUGIN. Is it endorsed by the Postmaster General?

Mr. BLOOM. I do not think that question is in order at this time. If the gentleman wishes to find out I should be glad to speak for the Postmaster General, but I do not think it is necessary. However, let me say this—

Mr. BLANCHARD. Will the gentleman yield?

Mr. BLOOM. I am sorry, but I do not have the time. If the gentleman will get me more time I shall be glad to yield.

Mr. DOXEY. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. This is nothing new. This Agricultural Institute in Rome has been in existence for years. We belong to it. By treaty we are a part of it, and we have been a part of it for many years. The only thing is that there is an increase of \$2,500 in this salary item about which you heard the gentleman from Texas read. It is necessary that we send a man to represent the United States who is able to understand agriculture and at the same time is a linguist. He must understand French, because all the proceedings are held in French. Formerly the United States had a representative who paid money out of his own pocket. He was a man of means. This resolution says that the salary of the representative shall not exceed \$7,500.

Furthermore, out of this salary allowance the representative must pay the rent of living quarters, including heat, fuel, and light, as authorized by the act approved June 20, 1930, compensation for all subordinate employees without regard to classification, actual and necessary travel expense, and every contingent expense incident to the maintenance of an office at Rome, Italy, for a United States member of the permanent committee of the International Institute of Agriculture. Out of this money he must pay all the expenses of running this office. This is no junket and this is nothing new.

Mr. BLANTON. It is worth nothing to our farmers. I have been trying to stop it for years.

Mr. BLOOM. That is right. The gentleman from Texas has been trying to stop it for years, but he cannot stop it.

The Government of the United States is paying now about \$44,000 a year to maintain this thing without a representative. We are obligated by treaty to do this, and as long as we are spending this money it is necessary that we should have an efficient representative. You gentlemen who represent farming districts get the benefit of all these reports from every part of the world. We are only asking for an additional \$2,500 if necessary; and the representative must pay all the expenses of running this office. So I think the gentleman from Texas would be one of the first to support this resolution if he only understood exactly what it calls for.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BLOOM. I yield.

Mr. MARTIN of Oregon. Is not one of the most important matters carried on by this institute a study of world markets?

Mr. BLOOM. Absolutely.

Mr. MARTIN of Oregon. And are not we farmers vitally interested in it?

Mr. BLOOM. You farmers are vitally interested in it. I am not a farmer. The farmers from Forty-second Street and Broadway do not need this. There is no amount of money this Government spends for any purpose pertaining to farming from which as much benefit is derived as from this.

The only reason we ask for this increase is because the Secretary of State and the Secretary of Agriculture asked us to put this \$7,500 in so we could get a person to represent us at a salary and not ask him to go down in his pocket and pay his own expenses.

Mr. BLANTON. I do not believe that our real dirt farmers are any more interested than the farmers of Wall Street, Forty-second Street, or Broadway are interested in thus wasting \$48,500 annually at Rome, Italy. Tell me one dollar of benefit this \$48,500 institute at Rome, Italy, has ever been to the farmers of America.

Mr. BLOOM. I shall be pleased to do so at the proper time. When this resolution is brought out I shall bring in the full report which will convince my farm friends that the results have been beneficial.

Mr. DOXEY. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. CHURCH].

Mr. CHURCH. Mr. Chairman, ladies and gentlemen of the Committee, I am supporting this bill because it is calculated to aid the farmers of this country. It does not seem to go quite as far as it might in that respect; however, it is an administration measure and I know it is good. I wish it could have been enacted into law the day after Roosevelt was inaugurated President of the United States.

Today the farmers are standing with outstretched hands calling to Washington for help. They are asking for relief from a condition that they had nothing to do with bringing on. Their troubles have come upon them while they were working, sweating, and doing the best they could. But pathetic as it is, in spite of their efforts, they have failed and are now losing their farms by hundreds of thousands each year. Farmers are generally brave men. They are too proud and independent to ask relief from their own mistakes. They are now asking relief from the crimes and blunders of others. The farmers of America have pitted their strength and courage against the adverse things of nature. Their muscles and brain they pit against the soil; against the cold and heat; against scale bugs, grasshoppers, rodents, and pests of every earthly kind. They realize that they have to fight everything on earth, under the earth, and above the earth. When they bravely roll up their sleeves, and go out on the farm to work, they assume the risk and take their chances against all of these things. But their Government they do not fear. They always stand with brown, broad hands, ready to protect it whenever it is necessary, and with childlike faith they believe their Government will, under all circumstances, protect them.

They likewise have faith in the people of America. They feed and clothe them—why should they not protect the

farmer? I think they have a right to think and reason as they do, for the farmer is doing the lion's share for the people of this country. Without the farmers, the rest of the people could not get along. They would simply starve to death; they are the benefactors of all the rest of the people. The great Commoner, Bryan, said:

Burn down your cities and leave your farms, and others will spring up as if by magic; but destroy your farms and the grass will grow in the streets of every city of this Nation.

Yet it is a fact that while the farmers have toiled and sweat on their farms the very people whom they have fed and clothed have taken advantage of them; their farms and all the products of the farms have depreciated in value more than half. This, of course, has completely ruined the farmers financially. They find now that their farms will no longer provide them the necessities of life, much less supply the other people of America with food and clothing. Let us inquire why the farmers find themselves in bankruptcy as they do today.

It is simply because the dollar, the measuring stick of all commodities, has doubled in value in the last 3 years. Why has the dollar thus increased in value? Because dollars have become scarce. Why have dollars become scarce? Because those who own most of the dollars have called them home, shut them up in their vaults, and thus removed them from circulation. Why has money become more valuable? Because it has been made scarce. If you make any commodity, including money, scarce, you will make it valuable just in proportion as it is made scarce. Take away one half of the beef cattle of this country and you will double the price of meat, take away one half of the available coal of this country and you will double the price of coal, and take from circulation one half of the available money in this country and you will double the purchasing power of what remains. One half of the money is no longer available, therefore it is twice as valuable compared to other things; and for this reason, and this reason alone, the farmers' land, cattle, sheep, stock, his wheat, corn, cotton, chickens, and products of all kinds have depreciated in value. The question is, What is the Congress of the United States going to do about it? The value of the dollar must come down to the value it had when the bulk of the debts of this country were incurred. As long as the value of money is twice as high as it was when the debts were contracted the debts can never be paid. As long as the value of money is twice as high as it was when the mortgages were given the mortgages can never be paid. As long as the two hundred billion debts of this country have to be paid with \$400,000,000,000 worth of effort they can never be paid.

The only way we will ever get out of our present depression is by expanding the currency, stabilizing the dollar, and fixing its price in comparison with what ought to be the price of commodities and labor. As it is, there is nothing more dishonest than a dollar. By its instability, it upsets the value of everything else on earth. We have fixed the weight of the dollar, and I can see no reason why we should not stabilize its value. Should we do this, I am sure that those who have artificially contracted the currency will start a cry that can be heard around the world. If we begin the reasonable expansion of the currency those who have contracted it, and now hold most of the money of this country in the hollow of their hands, will begin to loosen their grip by beginning again to make investments, and conditions will change for the better almost over night. The reason the moneyed powers of the country are so willing to talk against expansion is because when currency is expanded, their dollars decrease in purchasing power. If a person had placed in the ground \$5,000,000 three years ago, and left it there, his \$5,000,000 would be worth in purchasing power nearly fifteen million now. In other words, he could buy three times as much with the same amount of money as he could have done 3 years ago. No wonder people with vast fortunes are in favor of contracting instead of expanding the currency. Expansion is the great enemy of the extremely rich, but it is the only friend of the hundred million

debtors and laborers in the United States in times such as we have now.

Another thing I want to call your attention to is that if we expect to restore the confidence of people in our banks, a law should be passed as soon as possible guaranteeing bank deposits, so that the person who puts money into a bank will have positive assurance that he will be able to take it out when he desires. Ten thousand banks have failed in the United States in the last 10 years and thereby about \$1,800,000,000 have been lost to the depositors. Under such conditions, is it any wonder that people have so little confidence in banks that they are afraid to intrust their lifelong savings to the uncertainties of such institutions? It is little less than a disgrace to the Congress that it has not provided this necessary legislation many years ago.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Washington [Mr. ZIONCHECK] such time as he may desire.

Mr. ZIONCHECK. Mr. Chairman, I have a high personal regard for the members of the Committee on Agriculture. I feel satisfied they brought in the best bill that the regular rules and precedents on House committees would allow them to bring in, but I shall vote to recommit the bill to the Agricultural Committee with instructions to bring in an irregular bill—Frazier bill—which will afford real substantial relief to the farmers. If the bill is not recommitted, I shall vote for it, because it is better than no bill whatsoever.

The reason many of us Members voted to have this measure sent to the Agricultural Committee rather than the Banking and Currency Committee was our hope that the Agricultural Committee would not report a bill which would meet with the approval of the so-called "financial interests" of the country, and only today did we learn that the Agricultural Committee has no jurisdiction whatsoever on matters concerning the issuance of currency, particularly Treasury notes or Federal Reserve bank notes. But inasmuch as the House broke all precedents in sending this measure to the Agricultural Committee, I feel certain that if this measure is recommitted and the Agricultural Committee reports the Frazier bill that the House will sustain this irregular action; and we all know that the House is the final authority in such matters.

I was one of the few Democrats who voted against the gag resolution yesterday, which precluded any and every amendment to this bill or even an amendment to an amendment submitted by the Committee on Agriculture itself. I was sorry to learn that the Democratic opposition to the Republican gag rules was nothing more than a hypocritical pretense of opposing the rule, for I had heretofore labored under the illusion that the Democratic Party fundamentally believed in constitutional government and abhorred the gagging process used by our Republican friends when in power.

This bill appears to me to be a relief bill for the bankers, the farm-loan banks, and the bondholders of the joint-stock land banks, together with other mortgagees which comprise the creditor class; for in my judgment for every dollar of relief that is given to the farmer these other interests receive \$10 in relief. I challenge any reasonable-minded person to deny that this bill is not primarily directed toward the relief of the financial interests of this country and not the farmers, for it specifically provides for refinancing mortgages only to the extent of 50 percent of the present valuation of the land, plus a 20 percent valuation of the permanent insured improvements thereon. My information is that the majority of the present mortgages upon farms far exceeds such valuation for the reason that the loans were made in more prosperous years when the valuation was much greater than it is now in 1933.

I object to the provision in the bill which provides for the issuance and circulation of additional tax-exempt bonds bearing interest at the rate of 4 percent, which interest is guaranteed by the Federal Government. This provision does not create more currency by way of inflation, which is one of the dire needs of the farmer today, for that is the only

legitimate way in which commodity prices to the farmer will be increased. This is not only desirable but an absolute necessity as a stimulant to restore economic stability. The present provision is deflationary. But, worst of all, the farmer will be required to pay a tribute to the financial interests of this country in the sum of \$100,000,000 each year in interest on the bonds issued, and the bankers who get this interest will merely take these Government bonds and redeposit them with the United States Treasury or the Federal Reserve banks and receive currency, which they in turn will again loan at high rates of interest. This to me seems idiotic and almost suicidal.

Another reason why I do not favor the provisions of this bill is that the $4\frac{1}{2}$ percent per annum interest to be charged to the farmer for refinancing of his loan is exorbitant under the present economic conditions. It is my opinion that the farmer, if charged any interest whatsoever, should not be forced to pay more than $1\frac{1}{2}$ percent, together with a very long period in which to retire the principal indebtedness.

There is a further iniquity in this bill, and that is that the farmer is obliged to buy stock in the farm loan association equal to 5 percent of the loan. This amount is to be deducted from the loan the farmer makes and thus he would only receive 95 percent of the amount upon which he will be forced to pay interest.

There are many other objections to this bill which I will not take time to enumerate, inasmuch as they have been carefully covered in previous speeches by my able colleagues, and at this time I want to state that there is one phase of this bill which is a real step in the right direction, and that is the recognition of the principle of direct loan from the Government to the farmer without the intermediate tribute-exacting parasitic banker. Although only a small sum of money is provided for this purpose, nevertheless it may be termed a "toe hold" and is truly commendable.

To vote against this measure because it does not embody all the features which I would like, or which the farmer would like, would be to vote for no relief whatsoever at the present time, and, in my humble opinion, the urgency and need of the farmer are so great I will vote for this measure, even though it helps but a small percentage of the farmers of these great United States, and only hope that in the near future we will honestly tackle the problem which confronts us and pass a bill which will create real buying power in the backbone of our Nation, namely, the farmer, and bring real prosperity back to this land of plenty.

Mr. DOXEY. Mr. Chairman, I yield to the gentleman from Florida [Mr. GREEN] such time as he may desire.

Mr. GREEN. Mr. Chairman, I rise in support of H.R. 4795, now under consideration, which provides for—

Emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

Frankly, I believe that this is the most important bill and the most necessary one that the Congress could now enact. It is probably the best piece of legislation which President Roosevelt has transmitted to the Congress.

Another measure which is of the highest importance and which I trust will be enacted by the Congress is one which will protect deposits in all banks in the United States. The American citizens have recently been commanded to bring out their savings and place them in banks—refusal to do so subjects them to severe penalty or punishment. My colleagues, if we are going to compel the American citizens to put their money in banks, it is only fair and just that we give them assurance that the Federal Treasury is behind their deposits and that they are safe and secure and are, in fact, guaranteed. No American citizen has ever doubted the security of deposits in post offices; then why not give the same security to bank deposits in the future as has been given to postal deposits in the past? At present such a measure would do more to reestablish confidence and hope in the minds of the American people than any other legislation which the Congress possibly could enact. [Applause.]

The bill now before us has for its purposes:

To enable the Federal land bank system to secure new capital and thereby to resume its functioning as an effective agricultural credit agency.

To reduce the burden of mortgage debt now oppressing the farmer and to lift the threat of imminent foreclosure.

To provide for liquidating in an orderly fashion the affairs of the joint-stock land banks.

To refinance the short-term indebtedness of the farmer, to provide him with working capital when necessary, and to help him redeem or repurchase his foreclosed farm home.

If there are doubts in the minds of my colleagues as to the imperativeness of these remedies as provided in the bill, then I would remind you of the tragic state in which agriculture now finds itself.

The amount of farm-mortgage indebtedness outstanding in 1933 is estimated at about \$8,500,000,000.

The personal or short-term farm indebtedness is estimated at \$3,500,000.

Approximately 42 percent of the farms of the United States are covered by mortgage.

The Federal land banks, as of November 30, 1932, held farm mortgages amounting to \$1,121,000,000. The joint-stock land banks, as of the same date, held farm mortgages amounting to \$415,000,000. Together the Federal land banks and the joint-stock land banks held 19 percent of the volume of outstanding farm mortgages, 23 percent was held by insurance companies, 11 percent by commercial banks, 10 percent by mortgage companies, 7 percent by other firms or agencies, and 30 percent by individuals.

In March 1932 farm-land values stood at 89 percent of 1912-14 value.

Gross farm income amounted in 1919 to \$17,000,000,000; in 1923 to 1929 between \$11,000,000,000 and \$12,000,000,000; in 1930 to \$9,347,000,000; in 1931, \$6,920,000,000; in 1932, \$5,000,000,000.

Forced sales numbered for the year ending March 1, 1931, 26.1 per thousand farms; for the year ending March 1, 1932, 41.7 per thousand farms.

These figures, it appears, are most authentic, and, frankly, they are astounding. No other industry except that of farming could have survived such burdens and reverses. No class of workers except farmers would have endured with such patience these adversities and hardships; but the farmers have ever been the backbone of our Nation, and they have instinctively borne up with courage under the heavy load, but even patience may cease to be a virtue; therefore, it is imperative that we promptly enact this bill and probably other measures which will relieve the situation. The farm bill recently passed by our body and now in the other legislative branch will, we believe, bring beneficial results; but the passage of the bill before us is very essential, because hundreds of thousands of farmers are now having their homes sold from under them through the foreclosure of mortgages. These mortgages were made, most of them, when money was easy to obtain and when the dollar purchased in some cases only one fourth or one third as much as it purchases today. It is impossible in many cases to pay these mortgages now, when money has such a large purchasing power and when it is almost unobtainable. Our farmers must have extension of time upon these mortgages. They must have the principal reduced and the rate of interest reduced. These are provisions of the bill before us.

The bill authorizes the Federal land banks to issue not exceeding \$2,000,000,000 of farm-loan bonds at a rate of interest of not more than 4 percent, which shall be guaranteed, as to interest, by the United States. These bonds can be used in exchange for purchase of outstanding farm mortgages on terms best possible; also to make new loans on farm mortgages; also to refinance mortgages at lower interest. Thousands of holders of farm mortgages will discontinue them and trade them in for these bonds, the farmer receiving the benefit of the discount and also the lower rate of interest as borne in the bond. In turn, the party or parties disposing of such mortgages will be able to realize cash for these bonds if they should desire and this cash can be put back into circulation.

The bill also authorizes Federal land banks for 5 years to grant extensions to farm borrowers who, after investigation, are shown to be deserving. It also reduces, for a period of 5 years, the interest rate on all outstanding and new mortgages held by the Federal land banks to 4½ percent per annum and suspends the payment of the principal during the 5-year period. This moratorium on Federal land bank mortgages is sorely needed. It also authorizes the Federal land banks to make direct loans to farmers in localities where the national farm loan associations have not been organized, or where such associations are not now able to accept loan applications.

It prohibits joint-stock land banks from issuing tax-exempt bonds. It also authorizes and directs the Reconstruction Finance Corporation to make \$300,000,000 available to the Farm Loan Commissioner to be used in making direct loans to farmers upon first or second mortgages, and it provides that the Reconstruction Finance Corporation may lend not more than \$50,000,000 to refinance the indebtedness of drainage, levee, irrigation, and similar districts. This provision would enable loans to Florida drainage districts, and would be of great benefit not only to Florida but States with similar districts. Districts in my State probably have \$16,000,000 indebtedness. It is true that some provisions of the bill are experimental, but with farmers in their present destitute plight I am willing to try almost anything with the hope for relief, because, frankly, they cannot survive much longer unless their debt burdens are lightened and the sale price of their produce raised. I trust my colleagues will vote for passage of the bill. [Applause.]

Mr. HOPE. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. MOTT].

Mr. MOTT. Mr. Chairman, what observations I have to make upon this bill I intend shall be blunt and to the point. I have tried to give the bill as careful, as thoughtful, and as sympathetic study as I could. I do not know what the real hopes of its sponsors may be, but I am convinced it will not do what they claim for it. It will not give to the depressed farmers of the country what they are entitled to and what, with one accord, they have demanded of this Congress in the way of Federal refinancing of their farm indebtedness.

I am quite aware, as has been so often suggested here, that this bill is better than nothing. But that, in my opinion, is the worst and most vulnerable argument that has been made for it. Of course it is better than nothing. But is that any reason why it should not be as good as it ought to be? Must we continually accept poor and ill-considered legislation just because it is a part of the President's program and is better than nothing? That is the principal argument that has been made for practically every bill which has been sent to us from the White House, and in most cases that was the only argument that could conscientiously be made for them.

Now, I am perfectly aware, Mr. Chairman, that debate upon this bill is futile. I realize that the gag rule under which it was brought in here effectively prevents us from amending it even in the slightest degree. We cannot, under the rule, propose any change or any improvement for it. We cannot substitute any other bill for it. We must take it or leave it just as it is.

I am also aware that under this gag rule all of us will vote for the bill in the end. And that, in my judgment, is the most objectionable feature of the majority leaders' manipulation of this bill. The rank and file of the Democrats as well as the Republicans know that this is entirely inadequate to meet the situation. The majority on both sides of the House would like to see a better bill substituted for it. But they know they cannot do that under the gag rule. They know that in the end they must accept the beggar's crumbs that are handed out to the farmer in this bill because the majority leaders will not permit them to vote upon any other bill upon the same subject at this session.

I say also that this procedure is just as objectionable to the rank and file of the majority as the rank and file of the

minority. But the majority cannot help themselves. They owe their duty to the administration first and to the farmers afterward. I know, however, that some of them are straining under the bit their leaders have put into their mouths, because I have talked to them. I know they would like to revolt upon this particular bill if they dared. And some of them are going to dare.

And this, Mr. Chairman, leads me to express the hope, even if it is a bare hope, that at the close of this debate, when the distinguished gentleman from Wisconsin [Mr. BOILEAU] makes his motion to recommit, that motion, with the help of the more daring among the Democrats, may prevail. In that case we will be in position to do something for the farmer in spite of the administration's leaders in the House. For then the committee will at least have an opportunity to consider what 6,000,000 farm families of this country have said they wanted and what the people of 21 States, by joint resolution of their legislatures now filed in Congress, have said they wanted, and that is the inclusion of the Fraizer bill for the refinancing of farm mortgages as a part of any general farm-relief program which is to be enacted at this session.

The State of Oregon, a district of which I have the honor as well as the responsibility of representing here, by formal action of its legislature in extraordinary session assembled last month, memorialized Congress to pass the Frazier bill. The enactment of this measure was also a part of the platform upon which I based my own candidacy for election to Congress. I feel, therefore, a double responsibility to the people I represent to do whatever may be within my limited power, under these very difficult circumstances, to help them secure this legislation now.

And the fact, Mr. Chairman, that the fight we are making here for an opportunity to substitute the provisions of the Frazier bill for the pending bill will in all probability be a hopeless fight, makes no difference. We may be small in effective numbers. Under the gag rule we may have little chance to prevail. But we at least have the satisfaction of knowing that we represent the wishes and the desires of more people than have ever united in a demand for any legislation of a national scope. [Applause.]

It is admitted that gentlemen who control the majority here have the power to thwart the demands of the farmers—to deny them the legislation they expect this Congress to give them. And we expect they will exercise that power, just as they have already exercised it under similar circumstances upon every bill that has been considered here. They can prevent consideration of the Frazier bill upon the motion to recommit by the simple expedient of ruling that it is not germane. But I say to them, if they do that, they are deliberately setting up the judgment and desires of one sole man in the White House and his little group of bankers and college professors who drew this bill against not only the considered judgment and desires of 30,000,000 farmers, whom the bill most affects, but against the solemn declarations of the people expressed through the legislatures of nearly one half of the sovereign States of this Union.

Never has the demand for any legislation been so universal, so well considered, and so intelligent as the demand that Congress pass the Frazier bill now. Never before have the great leaders who have devoted their lives to the task of evolving a rational remedy for the ills which beset the farmer, and consequently the Nation, been so in accord upon the solution which, they all agree, lies embodied in the Frazier bill. And never before have the people of this country shown sufficient interest in any legislation to cause their legislatures in 21 States to demand of Congress its enactment.

The Frazier bill is no temporizing measure. It is no half-way solution, as this bill is. It is a complete, comprehensive, and permanent plan for lifting the agricultural population of this country out of bankruptcy through the refinancing of farm mortgages by the Federal Government upon the best security that can be given to any nation, the land of the nation itself. And it undertakes to do this at a rate of interest which the farmer can pay, namely, 1½ percent per

year and 1½ percent upon the principal. If you say that rate of interest is too low, we tell you that no farmer can pay a higher rate and meet his taxes and his costs of operation. That is the conclusion of every farm economist who has made a study of this relief proposal. We tell you further that the Government has already refinanced nearly every other major industry at a rate of interest no higher than this and upon security not half as good. And we also remind you that the Government has refinanced foreign countries by lending to them the people's money at even a lower rate and upon no security at all.

Under the Frazier bill the farmer not only can but he will repay all of his loan. That is the peculiar merit of the Frazier bill, and that is a feature that is exclusive in it. Few people believe the banks and the railroads and the other financial institutions which the Government has refinanced will repay all of their loans. As to our foreign loans, we have already trimmed the principal down to almost nothing and nobody seriously thinks we will get back even that.

The Frazier bill is not only the soundest plan for the Federal refinancing of farm indebtedness—and I dare say there is not a single Member of this House who does not agree that the Government must undertake this refinancing under some plan—but it is also the most honest proposal that has been made. There is no camouflage in it. Everybody can understand it. And that is more than can be said for the pending bill. The only people who can understand that bill are the bankers and the theorists who drew it, and they have succeeded so far in keeping their identity a secret.

Moreover, under the Frazier bill the refinancing of farm indebtedness by the issuance of Federal Reserve notes secured by the farm-loan bonds, which are held by the Government itself, will not cost the taxpayers of the country a single dollar. On the other hand, the Government must necessarily profit through the refinancing. But under the administration's bill the taxpayer will have saddled upon him a tax debt from which he may never escape. Hundreds of millions of dollars under that plan will be loaned by the Government through the same system which has already proved itself a failure and at a rate of interest which the farmer cannot pay. The pending bill proposes that these bonds be sold to the bankers and others and that the Government guarantee the interest. The bill should be called an act for the relief of the bankers and the bondholders, instead of the farmer. For who will pay that guaranteed interest when the farmer defaults under the interest load, as many of them have already defaulted on similar Government farm loans? The taxpayer will pay the interest, of course. And that is what the banker and the bondholder want.

Mr. Chairman, there is no room for serious argument as between the merits of the Frazier bill and this one. That is tacitly admitted by the majority here. In all the discussion which has taken place no one has attempted to advance a single argument either against the Frazier bill or as to why the administration's bill should be preferred to it. Not a gentleman present will contradict me when I say that there have been only two reasons advanced in favor of this bill. The first is that it is the administration's bill, and the second is that it will do some good and that it is better than nothing. And the only word that has been uttered against the substitution of the Frazier bill for this one is that the pending bill has the approval of the President and the Frazier bill has not.

In view of such an argument may I be so bold as to suggest that in my humble opinion the time has arrived when the Congress of the United States should do a little thinking and a little functioning as a legislative body on its own account. I think it is time for us to consider whether the combined thought of the farm leaders of the country, the declarations of the legislatures of 21 States of the Nation, and the views of the majority of gentlemen here who represent the agricultural communities may not be as sound upon

a specific proposal for farm relief as the views of the President and his unknown advisers who drafted this bill.

I hope the motion to recommit may prevail and that the committee may decide to substitute the Frazier bill for the pending measure. If it does, we will then have given to the farmer what has been so long denied him—security and happiness for the present and renewed hope for the dawning of a better and a brighter day. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, until I heard the Blanton-Bloom controversy a moment ago I had not decided to avail myself of this time, but since that seems to be the order of the day I have reconsidered somewhat, and I take this opportunity to express my attitude on a particular thing that is going on in this country at this time.

We are discussing agricultural relief, and I will say to my friends that the other day I voted against the gag rule. It was not because I was against the bill, for I am going to vote for the bill. I think the bill can do some good. The only reason I had is that I personally would like to see all the vacant seats filled when you are discussing the bill. The minute a bill comes up under a gag rule everybody goes fishing or to a baseball game, and in fact I would like to be there myself. [Laughter.]

If we had not adopted this gag rule, we would be reading this bill line by line, paragraph by paragraph, and discussing and considering the measure.

Mr. HOEPEL. And we would be earning our compensation.

Mr. BROWN of Kentucky. I will not admit that, for I do not know whether we would be earning our compensation or not.

What I started to say was this: This bill is susceptible of being a good measure. It depends upon the hands into which it happens to fall. If it falls into the same sort of hands into which our banking bill fell, which was the first measure we passed, then it is doomed to failure and we might as well step on it now. I got word yesterday from one of the best business men in my town calling attention to the fact that for the week ending April 5 the Federal Reserve System of this country had called during that week \$200,000,000 of their outstanding loans.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Kentucky. Yes.

Mr. PATMAN. Will not the gentleman admit that the outlook is more hopeful since the resignation of Eugene Meyer?

Mr. BROWN of Kentucky. Oh, I got up this morning with a hopeful feeling that he had really resigned, but I interviewed some newspaper correspondents, and they said that they had not been able to verify it yet. I have no hope until I know definitely that he is out of the way. Anyway, it makes no difference who takes his place, and unless that man and that body of men feel differently, you might as well seal up this thing and go back home and get ready for the collapse. You cannot bleed the country like the leech doctors used to bleed their patients and expect the country to recover. That was the old system. The leech doctor would suck the blood out of the weak patient and expect him to get well. The modern system is to give the patient a blood transfusion. We have been doctored by leech doctors, and when we wanted blood in our economic structure they simply attached their tentacles to the structure and in 1 week they sucked \$200,000,000 out of the credit of the country at a time when everybody is broke. We will have the report on Friday of the next week and see how much they have sucked out during that time.

What we need is a high-class, modern surgeon who believes in blood transfusion, and we should get rid of these leech doctors who have been sucking the sustenance out of the country for quite a long time. [Applause.]

I will say to the gentleman from Texas [Mr. PATMAN], if the fellow to whom he refers and his associates have not resigned, I think we ought to organize a good old Kentucky

band of night riders and go out and induce them to believe that they must resign. I did not know until yesterday that they have over here in the Federal Treasury lying idle a gold reserve from which could be poured into the economic veins of this country \$3,175,000,000 of money. You do not need to float any fiat money. The gold reserve is there. It is blood that could be transfused and poured into the veins of commerce, but it is not being done, because the men in charge of that Reserve System are not in sympathy with the bill that we passed here as the first act of this Congress.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOEPEL].

Mr. HOEPEL. Mr. Chairman, I am one of the many Members of this House who thought they were doing something constructive when they voted to permit this bill to be considered by the Agricultural Committee. The thought that came to me was that the Banking and Currency Committee was too closely connected with the bankers of America, and we were led to believe that if the Agricultural Committee could handle this bill, there would be some humane proposition advanced, which would be acceptable to all the farmers of America. The chairman of the committee reporting this bill, as late as yesterday, admitted that there were defects in this bill. He said that it is "the best that could be done." What does that mean? Does it mean that the members of this Agricultural Committee are unable to function? Does it mean that they are under certain coercive action which prevents them from bringing to us measures which are constructive and in the interest of the farmer? Why could they not also bring out to us the Frazier bill? Before I conclude I shall show you definitely and positively, if my time permits, that we can lend money to the American farmer at not to exceed 2½ percent interest without inflation of currency and without the flotation of bonds which are tax-exempt.

This present farm bill is, in a measure and to a limited extent, a semblance of relief to the farmer. It takes from one of his shoulders a mortgage debt on which he cannot now pay the interest and transfers that debt to the other shoulder with a little bit of soft packing and padding under the moratorium idea. But, nevertheless, he has to continue to carry that debt for years to come at approximately the same interest. To protect the bankers and insurance companies on their farm loans the Government in this bill guarantees interest payments to these money lenders at the expense of the taxpayers. This bill, if enacted, will be wonderful music to the bankers, and their plaudits will reach to the sky. Even at this very moment it is probable that the spirit of Lucifer is hovering over the Capitol and with his cohorts singing the praises of this bill, the refrain being echoed by the bankers and their representatives. The voice of Gabriel pleading for the distressed, impoverished citizen is silenced by their plutocratic song.

The farmers are opposed to this bill. I attended numerous meetings of farmers, and have had correspondence from all over the United States. I am not a farmer and do not represent a farming community, but I know this proposition is unfair; it does not reach far enough, even though it were justified. You are proposing to help only 20 percent of the men who are in debt, which is wrong.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. HOEPEL. Yes.

Mr. McGUGIN. I observed that the gentleman did not vote for the rule yesterday which made amendments impossible. I take it the reason that he did not is because he wanted some chance to better the bill as he is suggesting today.

Mr. HOEPEL. Absolutely. I am going to vote against this bill. I am here to represent my constituency. They sent me here with a definite idea. I am not going to follow any gag rule, regardless of who submits it. The bankers of America want more tax-exempt securities, to bear the people down with additional taxes. It is unfair, and we certainly should not subscribe to it.

There has not been one constructive measure, except, perhaps, the beer bill, that has been put through this session of Congress. We new men, especially, have been handed a kaleidoscope. All we have been seeing is colored promises—promises and more promises. The people of America have seen nothing but promises. What we want is a clear-vision telescope. We want to point our eyes to Wall Street and those international bankers, and we want to do something for the American people which is constructive. We have been given too much colored taffy. You know when you get too much of one thing you eventually tire of it. The American people are getting a little apprehensive about the "new deal." The "new deal", in my opinion, is taking on the character of a raw deal, the most peculiar deal which has ever been handed to the American people. I wish the gentleman from Illinois [Mr. SABATH] were here. He wanted a constructive amendment. I will give him one, and it is absolutely workable. It is working today.

The CHAIRMAN. The time of the gentleman from California [Mr. HOEPEL] has expired.

Mr. DOXEY. I yield the gentleman from California 1 additional minute.

Mr. HOEPEL. The bankers of America are today receiving \$45,000,000 subsidy due to our postal savings laws. They have borrowed \$1,000,000,000 from this Nation.

If the restriction on deposits were removed and the methods of withdrawal liberalized, we would have from \$5,000,000,000 to \$10,000,000,000 on deposit almost overnight; and with the funds thus at hand we could extend direct credit to the distressed citizens and home owners at a rate of interest not to exceed 2½ percent.

The bill under consideration, in my opinion, bears all the earmarks of entrenched finance and until our Congress recognizes the full and complete right of the farmer and home owner, I must decline to vote for this futile gesture of mortgage relief.

Stabilization of finance, under Government ownership or control, will bring confidence in place of the rising tide of despair.

I say liberalize the postal savings laws. This will bring all the money out of hoarding and there will be billions of dollars in the Post Office Department which can be loaned to the farmer and the home owners of America for 2½ percent. [Applause.] I only hope that this information is transmitted to the gentleman from Illinois [Mr. SABATH], who desired a constructive amendment to this bill.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. MARTIN of Oregon. I should like to ask the gentleman a question.

Mr. HOPE. I yield the gentleman from California 1 additional minute in order to answer the question of the gentleman from Oregon.

Mr. MARTIN of Oregon. Do I understand the gentleman does not approve of any of these emergency matters that have been passed, except the beer bill?

Mr. HOEPEL. I voted against every measure presented here except one measure, which I considered an emergency, and that was the banking relief bill, which I still contend was engineered by Wall Street. It was submitted at the proper time, so that it would intimidate the new Members and some old Members.

Mr. MARTIN of Oregon. Then the gentleman disapproves of everything that has been done except the passage of the beer bill?

Mr. HOEPEL. I voted for the beer bill. I am not going to vote for a halfway measure. If you will bring forward a farm bill which will give the American farmer a rate of interest which is proper and fair, I will vote for it, but I will not vote to let the bankers of America continue to turn the mortgage wheel and clip the interest coupons which all of us as taxpayers ultimately must pay. [Applause.]

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Chairman, I have noticed that in most of the addresses which come from the opposition or the minority a great deal of stress was laid on the fact that the newer Members of the House, particularly of the majority party, were restive under the present so-called "situation" whereby we are passing measures under what are known as "gag rules". The talk I have listened to on this bill has been principally rhetoric, and I think the farmer is entitled to a little more than that. He ought to get a little relief. Our opposition in the prior administration did relieve him of everything he had. He did not get relief, but he got relieved. They passed a so-called "bill to help the farmer", and we know what it did to him. It took his shirt.

A great many people have talked about what could be done if we were given an opportunity to amend the present bill. It would look like Jacob's coat of many colors if that had happened. Anyone who has a constructive amendment for this bill has been invited to present it to the Committee on Agriculture, and they have said they will give it consideration. I sincerely hope that anybody who has any kind of amendment will follow that course. It is all very well to get up here and discuss the Frazier bill. I think it is a very fine measure, but unfortunately we are not considering the Frazier bill. We are considering a measure that has been suggested by the President of the United States, and we are now here talking about that. So while the Frazier bill may have all the merits that its proponents claim for it, it is not the bill under consideration at the present time, and I believe it is our duty as Representatives to confine our remarks to the measure which we are at the present time debating.

Now, as far as this bill coming from the Committee on Agriculture is concerned, I voted to send it to the Committee on Banking and Currency because I thought that is where it belonged by the very nature of its make-up; but it was sent to the Committee on Agriculture, and I am happy to say I think they have made a fairly good job of it. If the farmers of the United States are given the benefit of 1½ percent on their interest charges it will amount to approximately \$180,000,000 of relief. That is some measure of relief at this time. I for one am going to support it with my vote, and I hope that every Member of the majority and as many of the minority as can find it in themselves to do so will do likewise, and I shall not vote to recommit. [Applause.]

The CHAIRMAN. The time of the gentleman from California [Mr. FORD] has expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. DEEN].

Mr. DEEN. Mr. Chairman, I shall appreciate it if you will permit me to digress for a moment from the bill. Of course, I shall vote for the bill; I am for it.

The majority of us are here as representatives to consider the best interests of all the people. I feel that the majority of the Membership of this House is trying to do the best they can for the people.

Whether others agree with me or disagree there is, in my judgment, but one thing that will bring relief to the farmers of the Nation. I am a humble farmer. I am not a prophet nor the son of a prophet, but let me say that until both Houses of Congress go back to the Constitution and find the clause which states that Congress shall have the power to coin money and regulate the value thereof the farmers will not get relief. [Applause.]

In 117 speeches in the 20 counties of my district I declared to the people in that section of Georgia that I was informed from Washington that 89 percent of the wealth of this country was in the hands of 11 percent of the people, by title, deed, or otherwise.

I remember the statement of the historians that when the Roman Empire had reached its zenith in the year 73 A.D., and crumbled, 12 percent of the people of that great Empire owned and controlled at least 79 percent of the total assets under their system of land ownership.

I happen to be a humble newspaperman. Two years ago, without drastically criticizing the Congress of the United

States, I stated in an editorial, and I now repeat it, that in my judgment when Congress passes temporary measures, such as this, it but places over a cancer a little plaster of salve.

Listen to me and mark my prediction. I am loyal to the flag for which I fought during the war, left the position to which I had been elected, left a good salary, left my wife and served for \$30 a month. Under weight, I could not get in the Regular Army, but went as a Y.M.C.A. secretary and will do so again, but listen to me: The farmers of this Nation are not going to stand always what they are standing now. Abraham Lincoln abolished chattel slavery, but there has been forced upon the farmers who are the pride of our Nation a form of economic slavery and serfdom. They will not suffer always without rebellion.

I resent Wall Street, or any other street, undertaking to finance the farmers of the United States with the crumbs that trickle down from a well-spread table. The poor, poverty-stricken farmers of this country barely get the crumbs that fall from this table. [Applause.]

I have voted for all Mr. Roosevelt's measures except the beer bill. By a platform written 3 weeks before the national Democratic platform was written I was prevented from voting for that measure except by violation of my platform. I will vote for his measures. I am for the Commander in Chief of the Army, the leader in this great war; I am for Mr. Roosevelt; I am for the Democratic Party; and I am for the side of right in this battle we are fighting.

However important a part loyalty may play in the battle in which we are engaged today, mark this prediction: I am not a prophet, but unless Congress enacts some legislation that will put money in circulation, that will take care of the farmers' troubles, the farmers themselves will do it, and they will not be long about it.

I am cooperating and trying to do my part for my people and for your people in this economic war. Tragedy will mark our destiny if we fail to carry out the duty incumbent upon us. [Applause.]

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 20 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, the gentleman who just spoke said he wanted to do something for the farmers of this Nation; that he wanted to get more money in circulation. Then why does he not help us pass the Frazier bill? [Applause.] He will then do something for the farmers of this Nation and he will get some money in circulation, not through Wall Street and the international bankers but through the Government by refinancing farm indebtedness and thus assisting the farmers.

The gentleman from Texas asked the farm representatives here whether they wished to take their farm relief from Italy. I shall answer most emphatically "No"; neither do we want to take our refinancing of farm indebtedness from the "Brain Trust" or from an overscholastic professor of New York, brought up and trained in the atmosphere of coupon clippers. That is where this so-called "farm refinance bill", here under discussion, was born. I know because I saw the original of it on January 10 last in New York.

Now let us come down to the issues. Nothing in this world is permanent but change. Our civilization is in a transition—from a world of plenty to a world of want—millions starving in the midst of plenty. And why? Because we have not enough money with which to do the Nation's business—with which to measure the muscular and brain energy of our people. Give the people enough money with which to do the business of the Nation and we ask no further farm relief. Then our farm products will rise in price overnight; on this proposition I am sure we all agree.

We have everything that is necessary to end this depression and bring about prosperity. We have too much to eat and yet millions are starving; we have too much raw material of every kind and have millions upon millions of human wants, and then we have millions out of employment that want to take this raw material and put it into

the finished products to satisfy those wants; and yet this great American machine is stalling. Why? Because we have not enough money with which to measure the muscular and brain energy of one another—a sufficient medium, unit, of exchange is all we need. Give us the Frazier bill, the Patman bill, and the Wheeler bill, and then let us adjourn and go home and then we will have prosperity.

We are becoming a nation of Indians, a nation of trade and barter. Over 2,000 cities in this Nation have tried, or are using, scrip or some other medium of exchange because the Government of the United States has not enough intelligence to give us a sufficient medium of exchange—sufficient money to do the Nation's business. In North Dakota a year ago we, in the eastern part, took all our old clothes and sent them to the people of western North Dakota and eastern Montana because there they had a complete crop failure, but unless something is done for agriculture we will have to ask those people to return those clothes to us. We need them, and we have no money with which to buy new. Yet the previous administration asked you cotton growers of the South to destroy every third row of cotton when nearly every man, woman, and child needed new clothes. Our difficulty is that we have not enough money with which to do business—not enough units of exchange, yardsticks, with which to measure the muscular and brain energy of our people.

How did this situation come about? It was brought about by doubling the money in actual circulation during the war. The Government printed about 2,000,000,000 new Federal Reserve notes. It did not give this to the international bankers, but to the local bankers throughout the Nation, who gave it to the people of this Nation with which to buy Liberty bonds. With this 2,000,000,000 as a revolving fund we bought 22,000,000 of Liberty bonds, and then Wall Street and the international bankers by skillful manipulation took the 15 billion that they had bet on the wrong horse over in Europe before we entered the War out of this 22,000,000,000. There is the beginning of this depression.

We have talked here about gag rule. I have discovered that the gag rule is a dangerous thing to play with. The Republicans, it was said yesterday, misused it and you Democrats said you were going to use it in the interest of the people. I hope you will, but you are not doing it with this monstrosity, the so-called "farm refinance bill", that you are trying to push down our throats without the right of amendment. You are not doing it in this case, and I am going to make this prediction—this gag rule will burn your fingers the same as it burned the Republicans' fingers, and you will throw back that gag rule to the Republicans in about 2 years from now. You cannot use that rule successfully unless you use it for the best interest of the people of this Nation, and so far you have used it not in doing something for the people but in doing something to them. That is all you have done with this rule during this session of Congress.

Let us now come to the remedy, the Frazier bill. The Frazier bill provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by the best securities on earth, first mortgages on farm lands, better security than gold or silver because you cannot eat gold or silver, but you can eat products that grow on the farm, therefore your life depends upon the farm—it is the best security on the face of the earth. If our Government has enough intelligence to do this, it will make a profit of \$6,345,000,000 at 1½ percent interest in 47 years, the time required for amortization.

Let us compare the Frazier bill with the one under discussion, written in New York by a scholastic college professor who was brought up in the atmosphere of money changers. Under this bill, if all the farm indebtedness is refinanced, the farmers of this Nation will pay \$12,492,500,000 in 39 years to the coupon clippers. The difference that the farmers will have to pay in interest between the Frazier bill in 47 years and under this bill in 39 years is \$6,147,500,000. Under the Frazier bill the Government will make a profit of

\$6,345,000,000, and to that extent lessen the taxes that we will have to pay, while under this bill the coupon clippers will make a profit of \$12,492,500,000.

In addition, if you pass this bill and if all the farmers of this Nation take advantage of it and refinance their farm indebtedness, they will have to pay \$47,500,000 for stock in the Federal land bank. This, you propose to, by issuing additional tax-exempt bonds, when this Government already has 21,000,000,000 tax-exempt bonds and certificates of indebtedness outstanding. This is the price you are asking the farmers and the people of this Nation to pay in order to make the Federal land bank and the joint-stock land bank bonds good. This is the bill, with its scholastic birth in New York, that you ask us western farm representatives to take and close our eyes and say that it will help the farmers, but we know and you know that it will do nothing of the kind. It is not real, but make-believe legislation. It is the name, but not the substance, of the relief that we were given to understand we would get during the campaign. You are simply muddying the water.

Mr. BLANCHARD. Will the gentleman yield?

Mr. LEMKE. I yield.

Mr. BLANCHARD. How many farmers in North Dakota with mortgages now on their farms does the gentleman think will be benefited by this measure?

Mr. LEMKE. About one half of the farmers of my State have already lost their farms and homes, and the other half will lose them under this bill, because it limits the loans to 50 percent of the value of the farms, when in my State and in other Western and Midwestern States the farms are now mortgaged up to 100 percent of their value. The Frazier bill permits loans to be made to an amount equal to the fair value of such farms and 50 percent of the insurable buildings and improvements thereon.

Mr. LUNDEEN. Is the gentleman voting against the bill?

Mr. LEMKE. We are going to try to send it back to the Committee on Agriculture and to help them make a real bill out of it. I know the gentlemen over here will help us to do this. The gentleman who spoke just before me said we should offer amendments to the committee. I will offer one. Strike out everything after the name of Mr. Jones and substitute the Frazier bill, and then you will have a real good amendment. [Laughter and applause.]

Mr. LUNDEEN. But in case the motion to recommit loses, will the gentleman vote for the bill?

Mr. LEMKE. I do not know yet. It is too early to say. I want to consider that. I may say that if I conclude that it will give us a toe hold so we can twist that toe until we get a strangle hold I may vote for it. [Laughter.]

But the Frazier bill will pass. This fearful depression must be brought to an abrupt end. If we have not the intelligence or the courage to save this Nation from destruction, then our successors will. I am satisfied that you will join with us in sending this bill back to the committee. I am satisfied you will do this, because you have said that you wanted to do something for the farmers, that you wanted to increase the money in circulation. The Frazier bill will do both. No one who has spoken in favor of the bill here under discussion has any confidence in it. The most that you have dared to say in its favor is that you think it will do some good. In other words, you are apologizing for yourselves so as to ease your conscience sufficiently to vote for it. This bill will do no substantial good; and if you pass it, there is grave danger that the farmers of this Nation will unite with the unemployed and hungry laboring men and go on a strike and starve this Congress and the executive department of this Nation into giving them something real and not make-believe. If they do this, we cannot blame them. They have been pounding away at our doors long enough—their patience is about exhausted.

Mr. ZIONCHECK. What is the use of giving the farmers a toe hold under this bill when the coupon clippers already have a scissors hold?

Mr. LEMKE. I hope they will cut their fingers in place of cutting billions in coupons out of the misery of millions.

Twenty-one States have petitioned Congress to pass the Frazier bill, and if you do not do this we will have to make it a part of the Constitution—we will get three fourths of the States in favor of it. Not only have 21 States asked you to pass the Frazier bill but the farm representatives of 21 States were here the other day and they unanimously rejected this bill. They voted unanimously that they had sooner have no bill than to take this monstrosity.

Oh, you say, "follow the leader." When I was a youngster I used to play "follow the leader", but I came to grief so often that later, when I got older and was asked to follow the leader, I asked, "Where to?" [Applause.]

I hope this House will rerefer this bill to the Committee on Agriculture with instruction to substitute the Frazier bill. The Frazier bill is now before this committee. I introduced it on March 10, and it has been before the Committee on Agriculture since that date. It is before that committee now—that committee is the appropriate committee. I am proud that I assisted in referring to the Committee on Agriculture the President's message dealing with this subject. I know that that committee is friendly to agriculture. We do not know what would have happened if the message had gone to the Committee on Banking and Currency. I am sure if we rerefer this bill to the Committee on Agriculture, that when it comes out again it will be a real bill.

You say, "follow the leader." I say, follow the leadership of the people of the United States of America. [Applause.] The people of this Nation are greater than any man that ever occupied the White House. Let us do that which is right. Let us protect our great leader from making a mistake. Let us break through the brain trust. I know that our President is sympathetic. I know he wants to do something for the farmers and all the people of this Nation, because he so stated in his speeches and in his inaugural address. Let us not be mere "yes" men, but rather lend him the assistance and guidance that the people of this Nation expect us to and that he is entitled to and should receive from us.

Mr. PATMAN. Will the gentleman yield?

Mr. LEMKE. I will.

Mr. PATMAN. Some suggestion was made yesterday that certain farm leaders were not working in the interest of the farmer. Something was said about Mr. Simpson. I wish the gentleman would give us his opinion as to Mr. Simpson's work in this matter.

Mr. LEMKE. John A. Simpson is one of the real farm leaders. He represents the hope and aspiration of at least 85 percent of all the farmers of this Nation and numbers his friends in the millions among the business and professional men and women of this Nation. His monthly radio addresses are eagerly awaited and listened to by 10 to 15 million each month. No other farm leader knows the farm problem as John Simpson. He does not belong to the high-salaried, silk-stocking, tax-eating brigade of so-called "farm leaders" and is not a "yes" man.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. GLOVER. I happen to be on the Agricultural Committee. We had the leaders you speak of before our committee, and I say to the gentleman that the farm organizations employed their own counsel. They had one man there to represent them in the agricultural bill that we passed. We passed the bill that they wanted, and it is over in the Senate now.

Mr. LEMKE. What you had was a Farm Bureau lawyer. The Farm Union withdrew, and my friend Simpson at one of those meetings said, "Gentlemen, the farmers may go to the hot place, but we refuse to take that route."

Mr. GLOVER. I do know that the statement was made to us that Mr. Lee, who was there as their counsel, was authorized to speak for the farm organization.

Mr. LEMKE. For some of them.

Mr. GLOVER. And they wrote the bill.

Mr. LEMKE. No; the bill was written in New York.

Mr. GLOVER. I know it was not all written there.

Mr. LEMKE. You mean the agricultural emergency bill was amended; that is true. It was also written in New York and rewritten by Mr. Lee, the attorney here, but the re-finance bill that is under discussion here was written in Ithaca, N.Y. I know, because I and my friend Mr. Talbott, president of the Farmers' Union of North Dakota, saw it and read it in New York on January 10, and again here in Senator FRAZIER's office on January 12 last. It has also been amended, because the language that we used when we discussed it with its author in Senator FRAZIER's office you would not care to use in the CONGRESSIONAL RECORD, and since that time it has been somewhat improved. We talked direct to the author of the bill in Senator FRAZIER's office, and if you want me to name him I will do so.

A MEMBER. Who was he?

Mr. LEMKE. Mr. Myer, of the Agricultural College at Ithaca, N.Y.—not Eugene Meyer.

Mr. GLOVER. I will say to the gentleman that in my whole life I never heard that man's name in connection with this bill.

Mr. LEMKE. We read the bill in New York on Tuesday, January 10, and met its author here in Senator FRAZIER's office on Thursday, January 12 last; and I am informed that the gentleman appeared and testified before the Agricultural Committee of the House while this bill was under consideration.

Mr. GLOVER. I will say to the gentleman, further than that, that some of the farm representatives or those that are interested in this administration were there before us, and they advocated this and it is advocated by the administration. It is an administration bill.

Mr. LEMKE. I know it is advocated as an administration bill, as many other bills here have been advocated; but it does not represent the hopes and the aspirations of the farmers of this Nation. It does not give farm relief. It is make-believe, and I am confident that when the administration knows the truth concerning this legislation it will not insist upon it. The farmers of this Nation have a right to object to having New York professors writing the farm legislation.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. TRUAX. How much money will it take to refinance all of the farm mortgages in this country?

Mr. LEMKE. Under the Frazier bill—

Mr. TRUAX. No; how much money will it take?

Mr. LEMKE. By issuing bonds, about \$9,500,000,000. This indebtedness has been scaled down by mortgage foreclosures to about \$8,500,000,000, but under the provisions of the Frazier bill, those who have already lost their homes by mortgage foreclosures since 1919, are allowed to buy them back or to buy similar homes and get the benefit of the bill.

Mr. TRUAX. I read now from page 5 of the report, paragraph 3.

To enable the farmer to redeem or repurchase a farm home lost by him, through forced sale or voluntarily alienated to discharge mortgage indebtedness, within 2 years prior to the date of the enactment of the act or hereafter.

Mr. LEMKE. But the Frazier bill provides that anybody who lost his farm by mortgage foreclosure since 1919 should be helped.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. GLOVER. I will ask the gentleman how the Frazier bill or any other bill can take care of mortgages that have been foreclosed and bought in by other individuals and the title vested in them 13 years ago. How could you do that?

Mr. LEMKE. We say that he can buy his own farm back if he can get it; and if he cannot, then he can get a similar one.

Mr. GLOVER. The gentleman does not mean to say to this House that he can do that, or that any law could be passed under which he could do it and take it out of the hands of the purchaser?

Mr. LEMKE. Not unless the purchaser wants to get rid of it; and if he does not, then the farmer can buy a similar farm, and the Frazier bill will let him do that.

Mr. GLOVER. But the Frazier bill cannot reach that.

Mr. LEMKE. It does.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. Yes.

Mr. TRUAX. The gentleman has stated it will take \$9,000,000,000 of bonds.

Mr. LEMKE. Yes.

Mr. TRUAX. Yesterday I said I was for the Frazier bill. Would not the gentleman support a plan that would provide \$2,000,000,000 and then pass the Frazier bill, or a similar bill, perhaps by some other name, that would provide \$7,000,000,000 more by an expansion of the currency?

Mr. LEMKE. I absolutely agree with the gentleman, because we have not had money enough to do the business of this Nation for years. We have been check-kitters. We have kited checks and every once in a while they come back "not sufficient funds." That means not enough money. The bankers are better check-kitters than you or I, because they kite them so fast that with only \$680,000,000 actual money in all the banks and trust companies of the United States—

The CHAIRMAN. The time of the gentleman from North Dakota [Mr. LEMKE] has expired.

Mr. HOPE. Mr. Chairman, I yield 2 additional minutes to the gentleman from North Dakota.

Mr. LEMKE. They kited checks so fast that they had only \$680,000,000 in all the banks and trust companies of the United States, and 42 billion on deposit. In other words, they could roll \$1 around to do the work of \$62, and a condition of that kind is not safe.

Now, in conclusion, if we will pass the Frazier bill, the Patman bill, and the Wheeler bill, and go home, then we will have no more unemployment. This Nation will again be prosperous. We will have met the hopes and aspirations of the people who are starving. That is what we can do and have real legislation. Let us not fail the people's expectations. The Hoover administration failed and a tornado hit the Republican Party on November 8. You on this side, should not repeat the mistake and also be hit by a tornado. I am with you. I will say the finest bunch of men that I have ever met anywhere in the United States are here in this Congress. Let us do something real. Let us meet the demands of the people of this Nation, and forget all about the coupon clippers and bondholders. [Applause.]

Mr. TRUAX. Will the gentleman yield further?

Mr. LEMKE. I yield.

Mr. TRUAX. An average of 3,000 farmers are losing their farms every day. Is it not wise to pass this bill immediately and get some of those farmers so that they can hold their farms? I am for the Patman and for the Frazier bills and for any reasonable expansion of the currency that can be brought onto this floor, but I want to do something now for those people who are losing their all, the savings of a lifetime.

Mr. LEMKE. So do I. Let us send this bill back to the committee and get it back here by Saturday. It is easy. The Frazier bill has been discussed so long there is no need of further discussion. It is a question of whether we are for it or against it. I am satisfied from my conversation with Members of this House that a majority are for it if they are free from restraint, and I say it is time that we considered the people of this great Nation rather than party lines. [Applause.]

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Chairman, I think we can all agree on one thing—that there can be no restoration of prosperity until the farmer is taken care of. However, under our rules we are not permitted to participate in the necessary legislation.

If Cervantes had lived in this period instead of 400 years ago, he could have drawn his characters from this body

instead of from characters of his period. Here he would have found his Don Quixotes and his Sancho Panzas in the flesh.

The rule we are operating under in passing this important measure to relieve agriculture even denies the Members of this House the privilege of offering amendments two degrees removed from the measure itself. The rule first provides that only the committee may offer an amendment, and it then goes farther and prohibits the individual Members from offering an amendment to the amendments offered by the committee. The committee took a week to consider the bill. It held some public hearings, but most of them were closed and private. It now brings the measure before the House under the nefarious rule I have spoken of.

If you will stop to think, you will realize that the committee is in absolute control of its own work. The committee should cease to function as a controlling body after it reports a bill to the entire Membership of the House meeting as a Committee of the Whole. But in the meantime a rule has been adopted which bars the individual Membership of this body from offering amendments of any kind and confers upon the Agricultural Committee the exclusive right of offering amendments.

We have many distinguished men in this body, educators, if you please, who might wish to amend the bill in a minor way, who might wish to suggest the placement of a comma or a period and improve its construction. But the rule is so drastic that even this cannot be done.

We become, all of us, Sancho Panzas, doing duty to our Don Quixote, the Committee on Agriculture. I insist that the illusions of the ancient Don Quixote, when he was shooting the windmills and Sancho Panza was applauding him for shooting down the enemy, were no greater than are our illusions if we feel that we are participating in the preparation of this bill. The speeches we are making here constitute windmill talk.

We should be ashamed to sit here, 435 Members sent here to represent the people of the United States, and permit this procedure, and then say this is a representative Government. [Applause.]

Alexander Hamilton did not trust the people. He said they were not fit to rule. We Jeffersonians do not even trust the chosen representatives of the people. We have an inner circle within the House organization that gives us measures to pass, and all they leave for us to do is to vote yes or no on them.

With much chagrin I listened yesterday to the statement, in defense of our conduct, that we are doing this because the Republicans did it for 10 years. That, of course, means that we want to cure a wrong by continuing to practice it. I want to say that the wrong is far greater, practiced by us at this time, after the years of our condemnation of it, than it was when practiced by the other side, for we have had notice and know wherein the evil lies.

The Constitution provides a function for this body. We at least ought to insist upon a semblance of conformity to its provisions.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield the gentleman from Missouri 1 additional minute.

Mr. SHANNON. I once made a speech before the Missouri Legislature in which I jestingly said something about tumblebugs and Congressmen. Now I think I shall have to make another one and apologize to the tumblebugs for referring to them. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. McFARLANE].

REAL FARM RELIEF BADLY NEEDED

Mr. McFARLANE. Mr. Chairman, I did not know until just a short while ago that I would be allowed any time on this bill.

I agree heartily with the sentiments expressed on the floor yesterday and today by most of the Members to the effect that we ought to bring out some real farm legislation at this session of Congress. We are all here for this purpose, but I

know, and you know, that the bill we are considering this afternoon does not give to the farmers of our country the relief they are entitled to receive.

HIGH INTEREST RATES

The interest rates are 4 percent plus amortization, inspection, and so forth, which will probably mean the farmer will pay 6 percent for his loan, and this he cannot do unless he receives more for his products. Farm mortgages should be refinanced at not to exceed 3-percent interest through controlled expansion of the currency and not through the bond feature of this bill, under which the Government guarantees the interest. Farm indebtedness now amounts to about \$12,000,000,000 and the provisions of this bill are wholly inadequate to give the relief needed.

WHO DREW THE BILL?

Now, I do not know who is speaking for the administration or who the "brain trust" is that we have heard referred to so much on this floor this afternoon, but it seems that this bill is sent down by somebody. We hear rumors from first one and then another that three or four lawyers for the land banks have been instrumental in drawing this measure. The gentleman from Minnesota seems to think that Mr. Meyer, of New York, drew it. Regardless of who drew this measure, according to the sentiment expressed by the various Members who have spoken on it, it does not meet their ideas of correct farm-mortgage legislation. Read section 1 of the bill. What does it say? It says we are providing here for \$2,000,000,000 for farm-loan bonds, with a maximum of 4-percent interest, which, of course, will be the minimum. We will be paying to the purchasers of these bonds \$80,000,000 annually, and by this bill the interest is guaranteed by our Government. It would not be paid if it were not guaranteed. I know and you know, perhaps, very little of it would be paid, because certainly under present conditions if we cannot raise the commodity-price level, the farmers of the country cannot earn enough to pay the interest. If they cannot, how does this bill help them? How can the farmers be helped if we cannot raise prices so the farmer can live, pay his debts, taxes, and pay interest on his debts?

WILL FARMERS OR LAND BANKS BE BENEFITED

The farmer is not asking for any particular favors. He is asking merely for a chance to pull himself out and save his property. Does this bill do it? You heard the discussion of the distinguished Member from Virginia this afternoon. His statements have not been seriously questioned. If his diagnosis of the measure is true, this is a measure which certainly, in many of its particulars, is designed for the benefit of the land banks and will be worth millions of dollars to them in profits; yet we sit idly by knowing this is in the bill and say we can do nothing about it. What kind of a spell has hypnotized this Congress that we sit supinely by and enact legislation of this kind when we conscientiously in our own hearts and minds do not believe it meets the requirements it should meet?

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. McFARLANE. I yield.

Mr. McFADDEN. Does not the gentleman realize that rules such as have been brought in, in connection with these bills by the majority party, cause the break-down of constitutional government?

Mr. McFARLANE. Answering the gentleman from Pennsylvania, let me say that yesterday we heard the Alphonse-Gaston comedy being passed back and forth from each side of the aisle. We were told that for 12 years the Republican Party had brought in similar rules for the enactment of the legislation that has probably very largely placed us in the deplorable condition in which we now find ourselves. [Applause.]

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. WEIDEMAN].

DIRECT CREDITS AUTHORIZED BY FARM BILL

Mr. WEIDEMAN. Mr. Chairman, while I cannot be classified as a farmer, I may say to the Members of the House and to the farmers of the Nation that title III of this bill, on page 17 of this print of the bill, providing for direct credits, is a move in the right direction for the relief of the farmer and toward the elimination of the private money lender.

While we can concede that this bill is not all that any of us want, the provisions which allow for the refinancing of either first or second mortgages directly by the Reconstruction Finance Corporation is the direction in which you Members from Minnesota and the Dakotas and all Progressives want to go. This is why I am going to vote for this bill. It gives nearly as much as the Frazier bill. True, it provides for a little higher interest charge, but at least it gets us started somewhere, and, having started, we do not want to stop in the middle of the road and argue.

I hope that the administration of this act will be different from the administration of the unemployment-relief measure, the Reforestation Act. In metropolitan cities they are recruiting armies of boys from 18 to 25 years of age, while the veterans of the Nation, the men who fought overseas, the men who served their country for 2 or 3 years in time of war, are denied the privilege of working for even \$30 a month. It was not the intention of Congress when it passed the reforestation bill that any one class should be favored in its operation, but that the provisions of the bill be applied fairly and equitably among all needy and willing persons who should apply for work.

I say this should be brought to the attention of the administration, and I demand that it be fairly administered. The present method of apportioning work under this bill is an insult to the ex-service man and it is an insult to the married man. Boys 18 years old could not serve overseas or anywhere else years ago and now are given the exclusive right to work. The privilege should be given to all.

I hope the administration of the bill we are now considering will be more equitably worked out than the so-called "reforestation bill." I am suspicious of the recruiting of these boys from 18 to 25 years of age, leaving married men to starve to death, and leaving to starve men who were willing to sacrifice their lives on the altar of patriotism. To-day these very same men are denied the privilege of even working for a measly \$30 a month. I want to call this to the attention of the administrators of this bill.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. GLOVER. If the gentleman will read today's papers, he will find that the rule has been changed and that older men are being recruited if they have families or dependents.

Mr. WEIDEMAN. Yes. I just talked with Detroit over long-distance telephone 15 minutes ago. I talked to two men whom I know personally. They had just left the welfare department of the city of Detroit and had been denied the permission even to file for this work. This is more recent information than that of the gentleman from Arkansas, but I hope that he is correct. [Applause.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, I want to appeal to the Members from the cities to not only support this bill, but any bill that has for its objective the improvement of agricultural conditions in this country. I disagree with some of the Members who feel this bill has not received at least reasonable consideration. This, of course, is an emergency session of Congress. We have many important committees of the House that are not holding meetings simply because they have no emergency legislation to consider, but some of the legislation we have so far considered of an emergency nature has not been considered as thoroughly as has this legislation. Let us, for example, compare the consideration given this bill with the consideration given the so-called "economy bill" which has been denounced and criticized by some Members who have preceded me.

The Economy Committee reported a bill which they themselves admitted was given very meager consideration. The bill was presented in the House on Friday, and at 10 o'clock the next morning a Democratic caucus was called, and only after the caucus was assembled were we given copies of the bill. Shortly after 12 o'clock we were called upon to vote on the bill, without even time to consider it. All the time that was given out was given out by those who were in favor of the bill, so that no detailed examination or discussion was permitted those who opposed the legislation, no hearings were held on the bill in the House, and only those who were in favor of the economy bill took part in the drafting of the measure.

Mr. McGUGIN. Will the gentleman yield for a correction of one statement?

Mr. MEAD. The gentleman can do that in his own time, or, if I get additional time, I shall be glad to yield.

I want to say to the Members of the House in connection with the pending bill the Secretary of Agriculture, the economists of the Agriculture Department, Mr. Morgenthau, the Farm Administrator, who is an enthusiastic advocate of agricultural-relief legislation, and the Committees on Agriculture of the House and Senate were all called in and were given an opportunity to make suggestions and to help formulate the policy contained in this bill. Hearings were held by the Committee on Agriculture of the House to give those who represent the administration as well as others an opportunity to make suggestions and to offer amendments. Then the bill was brought in here with ample time for the Members to consider the legislation, with plenty of time to discuss it, and an opportunity given the committee to offer committee amendments when the bill is taken up under the 5-minute rule. I would have less objection to the economy bill if similar consideration had been given the Members of the House. If that bill, for example, which affects our war veterans had been referred to our Veterans' Committee and approved by them, I could not object, as I did. If that section of the bill that destroyed many helpful improvements in the working conditions of our postal employees had been considered by our Committee on the Post Office and Post Roads, or if our committee had even been given an opportunity to make suggestions, I would not have made the objections which I did to that bill.

In my judgment the economy bill was considered in a very inappropriate way. Little or no consideration was given to the general Membership of the House, and if that method or practice was continued I would not support this measure. I would object strenuously to the adoption of such rules as would hinder Members from being given an opportunity to express their views. But in this case I can say, and I am sure you will agree, this bill has received reasonable consideration. It has been brought to us by the friends of agriculture, and I hope the men who come from city districts will support this measure and every other helpful form of legislation for the relief of agriculture. [Applause.]

THE RELATION BETWEEN AGRICULTURE AND INDUSTRY

With more than 25 million people, over 20 percent of our population, living on the Nation's farms, we must realize the effect their economic condition is bound to have on the economic condition of the country as a whole.

When agriculture is impoverished as it is at present, there can be no lasting prosperity in the cities, and the wage-earner must suffer along with the farmer. The purchasing power of our farmers is one of the most necessary factors influencing our general economic trend, and it is vital that this purchasing power be restored to its former higher level. In this present depression the farm population has been most seriously affected. They have suffered severe losses in cash income as a result of the violent drop in commodity prices.

The farmer comparatively pays more for the goods he buys than he receives for the products he sells. At the same time his interest, taxes, and other fixed charges re-

main at their former high levels. This bill which we are now considering offers some relief insofar as these fixed charges are concerned. The cash income of the farmer has declined seriously since 1929 when it amounted to \$10,134,000,000. For the year 1931 this income amounts to \$5,400,000,000. The loss of so staggering a sum in the purchasing power of our farm population has been felt by nearly every industry in the country.

In any scheme for the revival of general prosperity agriculture must go hand in hand with commerce and industry. We cannot consider one to the neglect of the other. The broad, comprehensive, forward-looking plans outlined and sponsored by President Franklin D. Roosevelt, embracing as they do every major activity in the economic life of the Republic, will, in my judgment, contribute mightily toward a restoration of prosperity that will include commerce, industry, and agriculture.

Mr. KINZER. Mr. Chairman, I yield 2 minutes to the gentleman from Kansas [Mr. McGugin].

Mr. McGUGIN. Mr. Chairman, just to keep the record straight, I want to make a correction in the statement just made by the gentleman from New York [Mr. MEAD] pertaining to the consideration of the economy bill.

In the first place, if there was anything wrong with the rule on the economy bill, I will say to the gentleman that the rule was obtained from a Democratic Rules Committee by the Democratic membership of the Economy Committee.

When it came to allowing time, the gentleman from New York said no time was given to the opposition. Of the time which was delegated to the Republican side, there was time given to the opposition. Opposition time was given to the gentleman from Wisconsin, Mr. WITHROW, to the gentleman from Wisconsin, Mr. BOILEAU, the gentleman from Minnesota, Mr. LUNDEEN—not a member of the Republican Party, but a member of the Farmer-Labor Party, but who was given his time by the Republican Membership—the gentleman from North Dakota, Mr. LEMKE, and the gentleman from Texas, Mr. PATMAN, a Democrat, received a part of his time in opposition to the economy bill from the Republican side.

Mr. PATMAN. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. PATMAN. I should like to ask the gentleman if it is not a fact that on Friday, March 10, which was the second day of Congress and the day before that bill came up in the House, the Senate Finance Committee had a hearing on that bill and the members of the Economy Committee, including the gentleman from Kansas, attended that hearing?

Mr. McGUGIN. Yes.

Mr. PATMAN. And the hearings were printed and distributed to the Senators on Saturday morning before the bill was taken up in the House, in which it was shown by Mr. Douglas, the Director of the Budget, and by General Hines, exactly how these cuts were going to be made, and we were told that there had been no hearings, and that no copies of hearings were available and—

[Here the gavel fell.]

Mr. PATMAN. Will the gentleman from Mississippi yield the gentleman 1 additional minute?

Mr. DOXEY. Mr. Chairman, I yield the gentleman from Kansas 1 additional minute.

Mr. PATMAN. We were told there had been no hearings. Copies of the hearings were available to the Economy Committee members on Saturday morning, March 11. They were marked "Executive session—Confidential." These hearings disclosed that what has recently been done in the way of eliminating and reducing veterans' benefits was contemplated at the time of the bill's introduction into the House. Many Members would not have voted for that bill if they had seen the hearings. These printed hearings, which we did not know about for days after the passage of the act, disclosed that \$200,000,000 would be taken from service-connected cases annually and also other discriminatory provisions.

Mr. McGUGIN. I am not aware who said there had been no hearings. I am quite certain I never said there had been no hearings, because there was a joint hearing of the Senate Finance Committee and the House Economy Committee, at which the bill was discussed for at least 2 hours.

As to what was stated before that committee about what would be the reductions, I may state there was no such proposition about what the reductions would be. There was a statement as to what they could be if the President chose to make them. It was made clear at all times that the reductions were to be made later by the President. No one undertook to speak for the President in advance as to what would be his regulations.

[Here the gavel fell.]

Mr. KINZER. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. THURSTON].

Mr. THURSTON. Mr. Chairman and members of the Committee, much has been said here today and in the preceding days of this session concerning the plight of the farmer. So I take it that we are either informed or agreed as to his plight or condition.

Therefore I want to direct my remarks to just one phase of this pending bill, and that relates to the interest rate.

The bill before us provides that the farmer shall pay $4\frac{1}{2}$ percent interest. The older Members of the Chamber know that they enacted legislation to assist the shipping interests of this country by granting access to the Federal Treasury, and this industry was allowed to obtain funds at a rate of interest varying from $4\frac{1}{2}$ percent down, possibly, to three eighths of 1 percent.

I shall ask unanimous consent to insert as a part of my remarks a statement received this date from the United States Shipping Board setting out a table of loans made to the respective shipping concerns and the rates of interest that these organizations pay.

The coastwise shipping-trade interests pay $4\frac{1}{2}$ percent for money they obtain, but when we come to the ships in the foreign trade we find the rate of interest is as follows: 2%, 2%, $3\frac{1}{2}$, 3, 2%, 2%, 2%.

Some of the money has been used to construct tank ships to haul petroleum or crude oil from Central and South America to compete with our own oil fields and our own railroads.

We have loaned Federal money to ship trains so that they can load merchandise in cars in New York City and take it by sea to Habana, in competition with our railway system.

When you make a survey of the generosity of the Government to these organizations, surely no one will deny that

the farmers of this country, the agricultural interests, are entitled to comparable rates.

So I hope that when the proper time comes we may have an opportunity to amend and reduce the rate of interest that is to be charged the farmer under the terms of this bill from $4\frac{1}{2}$ percent to $3\frac{1}{2}$ percent.

Now, not only do these great shipping interests have this cheap rate of interest but they receive substantial subsidies for every trip they make from America to foreign ports, and in the aggregate they receive very favorable terms from the Federal Treasury.

It was not my purpose to enter into a discussion of the general purposes of this bill, but simply to emphasize the fact that if we can obtain a rate of $3\frac{1}{2}$ or possibly as low as 3 percent for the shipping interests of the country we should for this most essential of all industries, the agricultural industry, provide equal or like treatment.

Mr. SMITH of Washington. Will the gentleman yield?

Mr. THURSTON. I yield.

Mr. SMITH of Washington. Were these loans made by this administration or during a former administration?

Mr. THURSTON. They were made in the past and are currently being made to ships in the course of construction.

Mr. Chairman, I ask unanimous consent to include in my remarks a table that I received from the Shipping Board, giving precise information concerning loans made to shipping interests.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection, and the tables are as follows:

UNITED STATES SHIPPING BOARD,
Washington, April 11, 1933.

Hon. LLOYD THURSTON,

Room 248, House Office Building, Washington, D.C.

DEAR SIR: In accordance with your telephone request, I transmit herewith the following enclosures:

(1) Copy of Report B.R. No. 1105 showing all loans made from construction loan fund from inception to February 28, 1933.

(2) Copy of list showing actual amount of interest paid on each loan to December 31, 1932, and the effective rate of such interest.

(3) Copy of rules for determining the amount of interest payable on construction loans.

Under column headed "Name of vessel" in enclosure (1), I have inserted the foreign trade interest rate for each loan. The coastwise trade interest rate is $5\frac{1}{4}$ percent on all loans.

An examination of the rules set forth in enclosure (3), particularly of rule V, will reveal the methods used in determining the amounts of interest payable on the various loans as reflected in enclosure (2).

Should you desire additional information, please advise me.

Very truly yours,

BUREAU OF CONSTRUCTION AND FINANCE,
J. W. BARNETT, Director.

Status of vessel construction and reconditioning under the Merchant Marine Acts of 1920 and 1928 as of Feb. 28, 1933

SUMMARY

	Number	Gross tons	Deadweight tons	Authorized loan from C.L.F.
Under Merchant Marine Act of 1920.....	15	106,478	61,010	\$18,629,500.00
Under Merchant Marine Act of 1928:				
New vessels, completed:				
Combination.....	29	325,722	227,669	91,420,191.90
Freighters.....	2	16,122	19,966	2,378,794.00
Tankers.....	9	80,740	124,800	11,437,987.50
Total.....	40	422,584	372,435	105,236,973.40
New vessels, not completed: Combination.....	2	35,500	19,150	10,946,254.00
Vessels reconditioning, completed:				
Combination.....	22	171,122	194,829	10,178,692.25
Freighters.....	16	82,290	122,148	2,142,436.50
Tankers.....	1	10,780	14,000	422,154.75
Total.....	39	264,192	330,977	12,743,283.51
Vessels reconditioning, not completed: Freighters.....	1	4,963	7,840	178,773.75
Total, 1928.....	82	727,239	730,402	129,105,294.66
Total, construction and reconditioning activities.....	97	833,717	791,412	147,734,794.66

Vessels constructed under the Merchant Marine Act of 1920

Owner of vessel	Name of vessel	Type	Gross tons	D.W. tons	Propulsion	Speed	Builder	Launched	Delivered to owners	Amount of loan
American Line S.S. Corp. and Atlantic Transport Co. of W. Va. (Panama Pacific Line).	California (4½)	Comb.	20,325	15,300	Turbo el.	18	Newport News S.B. & D.D. Co., Newport News, Va.	Oct. 1, 1927	Jan. 13, 1928	\$2,866,500.00
Do.	Virginia (4½)	do.	20,773	15,500	do.	18	do.	Aug. 18, 1928	Nov. 26, 1928	3,309,000.00
Cherokee Seminole S.S. Corp. and Clyde S.S. Co.	Cherokee (4½)	do.	5,896	2,930	Turbine	14½	do.	Feb. 10, 1925	June 5, 1925	1,309,000.00
Do.	Seminole (4½)	do.	5,896	2,930	do.	14½	do.	Apr. 14, 1925	Aug. 18, 1925	1,309,000.00
Do.	Algonquin (4½)	do.	5,945	3,065	do.	14½	do.	Sept. 9, 1926	Dec. 10, 1926	852,500.00
Coamo S.S. Corp. and New York & Porto Rico S.S. Co.	Coamo (4½)	Comb. refiz.	7,057	4,900	do.	15½	do.	July 22, 1925	Dec. 21, 1925	1,462,500.00
Eastern S.S. Lines, Inc.	Boston (4½)	Comb.	4,989	800	do.	19	Bethlehem S.B. Corp., Ltd., Sparrows Point, Md.	Oct. 27, 1923	May 27, 1924	912,500.00
Do.	New York (4½)	do.	4,989	800	do.	19	do.	Jan. 12, 1924	June 30, 1924	912,500.00
General Motorship Corp.	Cleveland (4½)	Frt.	1,400	2,325	Mot. El. aft.	10½	Great Lakes Engineering Works, Ashtabula, Ohio.	July 3, 1923	Sept. 10, 1923	200,000.00
Do.	Detroit (4½)	do.	1,460	2,325	do.	10½	do.	July 31, 1923	Oct. 17, 1923	200,000.00
Robt. E. Lee S.S. Co. and Old Dominion S.S. Co.	Robert E. Lee (4½)	Comb.	5,184	2,175	Turbine	16	Newport News S.B. & D.D. Co., Newport News, Va.	Oct. 16, 1924	Jan. 2, 1925	1,000,000.00
New York & Miami S.S. Corp. and Clyde S.S. Co.	Iroquois (4½)	do.	6,209	3,000	do.	18	do.	Dec. 11, 1926	May 12, 1927	1,197,000.00
Do.	Shawnee (4½)	do.	6,209	3,100	do.	18	do.	Apr. 19, 1927	July 21, 1927	1,199,000.00
Nova Scotia S.S. Corp. and Eastern S.S. Lines, Inc.	Yarmouth (4½)	do.	5,043	930	do.	18	Wm. Cramp & Sons Ship & Engine Bldg. Co., Philadelphia, Pa.	Nov. 6, 1926	July 6, 1927	900,000.00
Do.	Evangeline (4½)	do.	5,043	930	do.	18	do.	Feb. 12, 1927	Oct. 3, 1927	900,000.00
Agwi Navigation Co. and Atlantic Gulf & West Indies S.S. Lines.	Morro Castle (2½)	do.	11,520	7,025	Turbo el.	20	Newport News S.B. & D.D. Co., Newport News, Va.	Mar. 5, 1930	Aug. 15, 1930	3,422,181.90
Do.	Oriente (2½)	do.	11,520	6,909	do.	20	do.	May 15, 1930	Nov. 21, 1930	3,431,840.00
American Diamond Lines, Inc.	Black Eagle (3½)	Frt.	5,060	7,825	Turbine	14	Federal S.B. & D.D. Co., Kearny, N.J.		June 14, 1932	127,328.00
Do.	Black Hawk (3½)	do.	4,988	7,825	do.	14	do.		July 15, 1932	105,744.00
Do.	Black Falcon (3½)	do.	5,049	7,825	do.	14	do.		Aug. 27, 1932	130,784.00
Do.	Black Gull (3½)	do.	5,029	7,840	do.	14	do.		Sept. 20, 1932	122,848.00
Do.	Black Heron (3½)	do.	4,926	7,825	do.	14	do.		Oct. 24, 1932	131,520.00
Do.	Black Tern (3½)	do.	5,032	7,840	do.	14	do.		Dec. 17, 1932	133,912.00
American Line S.S. Corp. and Atlantic Transport Co. of W. Va. (Panama Pacific Line).	Pennsylvania (3½)	Comb.	20,526	18,000	Turbo el.	18	Newport News S.B. & D.D. Co., Newport News, Va.	July 10, 1929	Oct. 10, 1929	4,768,000.00
American Scantic Line, Inc.	Scarpenn (3½)	do.	5,301	7,140	Turbine	14	New York S.B. Corp., Camden, N.J.		June 6, 1932	242,932.00
Do.	Scanyork (3½)	do.	5,312	7,140	do.	14	do.		June 18, 1932	237,896.00
Do.	Scamall (3½)	do.	5,301	7,140	do.	14	do.		June 27, 1932	244,496.00
Do.	Scanstates (3½)	do.	5,312	7,140	do.	14	do.		July 3, 1932	247,184.00
American South African Line.	City of New York (3½)	do.	8,272	9,400	Motor	14	Sun S.B. & D.D. Co., Chester, Pa.	Oct. 19, 1929	Jan. 16, 1930	1,350,000.00
American Tankers Corp.	Ulysses (2½)	Tanker	10,780	14,000	Recip. aft.	15	United Dry Docks, Inc., Mariners Harbor, Staten Island, N.Y.		Aug. 16, 1930	422,154.75
Baltimore Mail S.S. Co.	City of Baltimore (3)	Comb.	8,424	7,530	Turbine	16	Federal S.B. & D.D. Co., Kearny, N.J.		June 15, 1931	1,304,237.90
Do.	City of Norfolk (3)	do.	8,424	7,530	do.	16	do.		July 28, 1931	1,304,468.35
Do.	City of Hamburg (3)	do.	8,424	7,530	do.	16	do.		Sept. 17, 1931	1,304,000.00
Do.	City of Havre (3)	do.	8,424	7,530	do.	16	do.		Oct. 19, 1931	1,304,000.00
Do.	City of Newport News (3)	do.	8,424	7,530	do.	16	do.		Nov. 19, 1931	1,304,000.00
Bulk Transportation Corp. and DeBardeleben Coal Corp.	H. F. DeBardeleben	Frt.	5,020	7,500	Recip. aft.	10½	Jahneke Dry Dock & Ship Repair Co., Inc., New Orleans, La.		Nov. 7, 1930	{ 396,750.00 + 13,150.00
Coamo S.S. Corp. and N.Y. & Porto Rico S.S. Co.	Borinquen (1½)	Comb. refiz.	7,114	4,500	Turbine	15½	Bethlehem S.B. Corp., Ltd. (Fore River), Quincy, Mass.	Sept. 24, 1930	Feb. 20, 1931	1,979,810.00
Colombian Mail S.S. Corp. and Colombian S.S. Co., Inc.	Colombia (3½)	Comb.	5,236	4,600	do.	17½	Newport News S.B. & D.D. Co., Newport News, Va.	Aug. 6, 1932	Nov. 17, 1932	1,687,500.00
Do.	Haiti (3½)	do.	5,236	4,600	do.	17½	do.	Sept. 17, 1932	Dec. 15, 1932	1,687,500.00
Dollar S.S. Lines, Inc., Ltd.	President Hoover (4)	do.	21,936	15,000	Turbo el.	21	do.	Dec. 9, 1930	July 11, 1931	5,592,900.00
Do.	President Coolidge (1)	do.	21,930	15,000	do.	21	do.	Feb. 21, 1931	Oct. 1, 1931	5,598,520.00
Do.	President Garfield (3½)	do.	10,495	12,375	Recip.	14	do.		July 18, 1929	225,000.00
Do.	President Adams (3½)	do.	10,516	12,375	do.	14	Bethlehem S.B. Corp. Ltd. (West coast), San Francisco, Calif.		Aug. 7, 1929	300,000.00
Do.	President Harrison (3½)	do.	10,504	12,375	do.	14	Newport News S.B. & D.D. Co., Newport News, Va.		Aug. 20, 1929	225,000.00
Do.	President Johnson (2½)	do.	15,543	14,500	do.	16	do.		Apr. 22, 1930	420,000.00
Do.	President Fillmore (2½)	do.	15,575	14,500	do.	16	do.		May 6, 1930	580,000.00
Eastern S.S. Lines, Inc.	Saint John (3½)	do.	6,185	2,200	Turbine	20	do.	Jan. 9, 1932	Apr. 22, 1932	2,312,000.00
Do.	Acadia (3½)	do.	6,185	2,200	do.	20	do.	Feb. 13, 1932	June 7, 1932	2,316,000.00
Export S.S. Corp.	Excalibur (1½)	do.	9,359	9,495	do.	16	New York S.B. Corp., Camden, N.J.	Aug. 5, 1930	Dec. 18, 1930	1,725,000.00
Do.	Exochorda (1½)	do.	9,359	9,495	do.	16	do.	Oct. 18, 1930	Jan. 15, 1931	1,725,000.00
Do.	Exeter (1½)	do.	9,360	9,495	do.	16	do.	Apr. 4, 1931	June 4, 1931	1,725,000.00
Do.	Excambion (1½)	do.	9,360	9,495	do.	16	do.	May 28, 1931	Aug. 4, 1931	1,725,000.00
Do.	Excelsior (3½)	do.	5,847	8,822	do.	11	United Dry Docks, Inc., Fletcher plant, Hoboken, N.J.		Feb. 10, 1930	74,250.00
Do.	Exarch (3½)	do.	5,839	8,822	do.	11	do.		Feb. 28, 1930	74,250.00
Do.	Exilona (2½)	do.	5,839	8,822	do.	11	do.		Apr. 4, 1930	74,250.00
Grace S.S. Co. and W. R. Grace & Co.	Santa Clara (2½)	do.	9,502	7,000	Turbo El.	18	New York S.B. Corp., Camden, N.J.	Nov. 14, 1929	Apr. 1, 1930	2,454,750.00
Grace S.S. Co.	Santa Lucia (1½)	do.	10,500	7,150	Turbine	18½	Federal S.B. & D.D. Co., Kearny, N.J.	Oct. 3, 1932	Feb. 8, 1933	3,061,020.00
Do.	Santa Elena (1)	do.	10,500	7,150	do.	18½	do.	Nov. 30, 1932	Mar. 23, 1933	3,071,264.00

Footnotes at end of table.

Vessels constructed under the Merchant Marine Act of 1920—Continued

Owner of vessel	Name of vessel	Type	Gross tons	D.W. tons	Propulsion	Speed	Builder	Launched	Delivered to owners	Amount of loan
Gulf Pacific Mail Line, Ltd.	Point Ancha (3½)²	Fr.	4,814	7,600	Recip.	13½	Craig Shipbuilding Co., Long Beach, Calif.		Oct. 16, 1932	\$98,288.00
Do.	Point Lobos (3½)¹	do.	4,757	7,657	do.	13½	do.		Oct. 27, 1932	150,000.00
Mississippi Shipping Co.	Delnorte (3½)²	Comb.	4,982	7,440	Turbine	13	Jahncke Dry Dock & Ship Repair Co., Inc., New Orleans, La.		Aug. 29, 1931	150,000.00
Do.	Delsud (3½)²	do.	4,982	7,440	do.	13	do.		Sept. 19, 1931	150,000.00
Do.	Delmundo (3½)²	do.	5,032	7,104	do.	13	do.		July 12, 1932	191,040.00
Do.	Delvalle (3½)²	do.	5,032	7,104	do.	13	do.		Aug. 11, 1932	190,928.00
Motor Tankship Corp.	Pacific Sun (3½)¹	Tanker	9,096	13,450	Motor aft.	11	Newport News S.B. & D.D. Co., Newport News, Va.		Dec. 26, 1929	1,260,937.50
Do.	Chester Sun (3½)¹	do.	9,096	13,450	do.	11	Sun S.B. & D.D. Co., Chester, Pa.	Feb. 15, 1930	Feb. 27, 1930	1,260,937.50
Do.	Western Sun (2½)¹	do.	9,100	13,450	do.	11	do.	May 10, 1930	May 16, 1930	1,260,937.50
Do.	Eastern Sun (1½)¹	do.	9,100	13,450	do.	11	do.	May 15, 1930	June 13, 1930	1,260,937.50
Do.	Northern Sun (¾)¹	do.	8,884	14,700	do.	11	do.	Jan. 31, 1931	Feb. 11, 1931	1,260,937.50
Do.	Southern Sun (¾)¹	do.	8,893	14,700	do.	11	do.	Mar. 21, 1931	Apr. 2, 1931	1,265,625.00
Do.	Mercury Sun (¾)¹	do.	8,893	14,700	do.	11	do.	Dec. 8, 1931	Dec. 17, 1931	1,265,625.00
North Atlantic S.S. Corp. and United States Lines Co.	Manhattan (½)¹	Comb.	24,289	12,000	Turbine	20	New York S.B. Corp., Camden, N.J.	Dec. 5, 1931	July 27, 1932	7,687,380.00
Oceanic S.S. Co.	Mariposa (2)¹	do.	18,017	11,000	do.	21	Bethlehem S.B. Corp., Ltd. (Fore River) Quincy, Mass.	July 18, 1931	Dec. 14, 1931	5,850,000.00
Do.	Monterey (¾)¹	do.	18,017	11,000	do.	21	do.	Oct. 10, 1931	Apr. 29, 1932	5,827,500.00
Oceanic S.S. Co. and Matson Navigation Co.	Lurline (¾)¹	do.	18,021	11,000	do.	21	do.	July 18, 1932	Jan. 5, 1933	3,000,000.00
Panama Mail S.S. Co.	Santa Rosa (½)¹	do.	11,200	7,716	do.	18½	Federal S.B. & D.D. Co., Kearny, N.J.	Mar. 24, 1932	Oct. 27, 1932	3,061,020.00
Do.	Santa Paula (¾)¹	do.	11,200	7,716	do.	18½	do.	June 11, 1932	Dec. 23, 1932	3,061,020.00
Seatrains Lines, Inc.	Seatrains New York (¾)¹	Fr.	8,061	10,920	do.	15½	Sun S.B. & D.D. Co., Chester, Pa.	Sept. 14, 1932	Sept. 29, 1932	1,189,397.00
Do.	Seatrains Havana (¾)¹	do.	8,061	9,046	do.	15½	do.	Sept. 26, 1932	Oct. 5, 1932	1,189,397.00
Strachan's Southern S.S. Co. and Strachan Shipping Co.	Floridian (¾)²	do.	4,697	6,520	Recip.	11½	Todd Shipyards Corp., Tietjen & Lang Plant, Hoboken, N.J.		Feb. 4, 1929	124,115.00
Do.	Georgian (¾)²	do.	4,691	6,520	do.	11½	do.		Feb. 28, 1929	133,175.00
Tide Water Associated Transport Corp.	Tide Water (2½)¹	Tanker	8,886	13,450	Motor aft.	11	Sun S.B. & D.D. Co., Chester, Pa.	Aug. 9, 1930	Aug. 15, 1930	1,301,025.00
Do.	Tide Water Associated (2½)¹	do.	8,812	13,450	do.	11	do.	Sept. 6, 1930	Sept. 15, 1930	1,301,025.00
Transatlantic S.S. Corp. and United States Lines Co.	Washington (¾)²	Comb.	25,000	12,000	Turbine	20	New York S.B. Corp., Camden, N.J.	Aug. 20, 1932	May 1, 1933	7,875,000.00
United Mail S.S. Co. and United Fruit Co.	Talamanca (3)¹	Comb. re-frig.	6,963	4,000	Turbo El.	17½	Newport News S.B. & D.D. Co., Newport News, Va.	Aug. 15, 1931	Dec. 12, 1931	2,533,750.00
Do.	Chiriqui (3)¹	do.	6,963	4,000	do.	17½	do.	Nov. 14, 1931	Mar. 18, 1932	2,533,750.00
Do.	Antigua (3)¹	do.	6,982	4,428	do.	17½	Bethlehem S.B. Corp., Ltd. (Fore River), Quincy, Mass.	Dec. 12, 1931	Apr. 1, 1932	2,533,750.00
Do.	Quirigua (3)¹	do.	6,982	4,825	do.	17½	do.	Feb. 6, 1932	June 4, 1932	2,533,750.00
Do.	Veragua (3)¹	do.	6,982	4,420	do.	17½	do.	Apr. 23, 1932	Aug. 5, 1932	2,533,750.00
Do.	Peten (¾)¹	do.	7,000	4,000	do.	17½	Newport News S.B. & D.D. Co., Newport News, Va.	Aug. 15, 1931	Feb. 26, 1933	1,808,750.00
United States Lines Company and American Lines Co.	American Traveler (¾)²	Fr.	7,555	6,940	Turbine	15	Robins D.D. & Repair Co. (Todd plant), Brooklyn, N.Y.		May 7, 1932	56,099.00
Do.	American Importer (¾)²	Comb.	7,590	6,940	do.	15	United Dry Docks, Inc., Fletcher plant, Hoboken, N.J.		May 28, 1932	30,760.00
Waterman S.S. Corp.	Afoundria (¾)²	Fr.	5,010	7,840	do.	10.8	Alabama D.D. & S.B. Co., Mobile, Ala.		Dec. 2, 1931	58,544.00
Do.	Topa Topa (¾)²	do.	5,356	8,366	Recip.	10.8	do.		Dec. 3, 1931	49,273.75
Do.	Maiden Creek (¾)²	do.	5,031	7,625	Turbine	10.8	do.		Dec. 9, 1931	58,544.00
Do.	West Hika (¾)²	do.	5,275	8,600	Recip.	10.8	do.		Dec. 18, 1931	49,273.75
Do.	Kenowis (¾)²	do.	4,963	7,840	Turbine	10¾	do.			54,544.00

¹ New vessel, completed.

² Loan made to Minnesota Atlantic Transit Co.

³ Reconditioned.

⁴ Additional loan.

⁵ Sunk Mar. 10, 1932.

⁶ New vessel, not completed.

⁷ Burned prior to completion as Segovia.

Construction loans—Effective rates of interest on all loans as at Dec. 31, 1932, excluding interest paid during construction

Company	Vessel	Amount interest paid	Effective rate	Effective rate each owner
Agwi Navigation Co.	Mrro Castle	\$183,122.56	2½	
Do.	Mrro Castle, hotel equipment.	7,923.94	3	2½
Do.	Oriente	156,995.89	2½	
Do.	Oriente, hotel equipment.	9,738.80	3½	
American Diamond Lines, Inc.	Black Eagle	1,999.22	3½	3
American Line S.S. Corporation	California	602,156.51	5½	
Do.	Pennsylvania	674,925.84	5	5
Do.	Virginia	503,201.35	5½	
American Seantic Line, Inc.	Scanmail	3,516.72	3½	
Do.	Scannenn	3,401.05	3½	3½
Do.	Scanyork	3,307.73	3½	
American South African Line	City of New York	109,316.72	3½	3½
American Tankers Corporation	Ulysses	33,842.80	5½	5½
Baltimore Mail S.S. Co.	City of Baltimore	56,862.00	2	
Do.	City of Hamburg	37,844.65	3	
Do.	City of Havre	37,849.57	3	
Do.	City of Newport News	39,192.66	3½	3
Do.	City of Norfolk	38,106.89	3	

Construction loans—Effective rates of interest on all loans as at Dec. 31, 1932, excluding interest paid during construction—Con.

Company	Vessel	Amount interest paid	Effective rate	Effective rate each owner
Bulk Transportation Corporation	H. F. DeBardeleben	\$31,631.98	5¼	5¼
Cherokee Seminole S.S. Corporation	Algonquin	248,750.95	5¼	
Do.	Cherokee	323,042.73	4¼	4¼
Do.	Seminole	317,980.78	4¼	
Coamo Steamship Corporation	Borinquen	34,819.61	1½	
Do.	Borinquen, hotel equipment.	3,435.05	3½	4¼
Do.	Coamo	418,559.41	5½	
Dollar Steamship Line	President Adams	31,639.12	3¾	
Do.	President Garfield	23,097.44	3¾	
Do.	President Harrison	23,506.19	3¾	
Dollar Steamship Line, Inc., Ltd.	President Fillmore	48,094.99	3¾	
Do.	President Johnson	39,387.52	4¾	
Do.	President Coolidge	105,187.65	2	2¾
Do.	President Coolidge, hotel equipment.	11,957.17	3¾	
Do.	President Hoover	78,705.09	1¼	
Do.	President Hoover, hotel equipment.	11,864.97	3¾	

Construction loans—Effective rates of interest on all loans as at Dec. 31, 1932, excluding interest paid during construction—Con.

Company	Vessel	Amount interest paid	Effective rate	Effective rate each owner
Eastern Steamship Lines, Inc.	Acadia	\$49,524.33	4 1/4	
Do.	Boston	241,887.28	5 1/4	
Do.	New York	241,887.29	5 1/4	5
Do.	St. John	40,127.45	3 1/4	
Export Steamship Corporation	Excalibur	58,066.42	1 1/2	
Do.	Excambion	6,466.94	3 1/2	
Do.	Exeter	14,244.20	3 1/2	
Do.	Exochorda	39,303.80	1 1/2	1 1/4
Do.	Exarch	5,435.43	3 1/2	
Do.	Exelsior	5,859.93	3 1/2	
Do.	Exilona	4,804.48	2 1/4	
General Motorship Corporation	Cleveland	68,121.34	5	5
Do.	Detroit	68,121.34	5	
Grace Steamship Co.	Santa Clara	165,420.57	2 1/4	2 1/4
Robert E. Lee S.S. Corporation	Robert E. Lee	249,149.37	4 1/4	4 1/4
Mississippi Shipping Co.	Delnor	4,894.91	3 1/2	3 1/2
Do.	Delsud	4,948.44	3 1/2	
Motor Tankship Corporation	Chester Sun	158,618.60	5 1/4	
Do.	Eastern Sun	151,512.00	5	
Do.	Mercury Sun	66,056.76	5 1/4	
Do.	Northern Sun	88,409.67	4 1/4	5 1/4
Do.	Pacific Sun	181,511.42	5	
Do.	Southern Sun	97,704.75	5 1/4	
Do.	Western Sun	158,832.78	5 1/4	
New York & Miami S.S. Corporation	Iroquois	273,553.83	5 1/4	5
Do.	Shawnee	263,927.49	5	
Nova Scotia S.S. Corporation	Evangeline	173,625.73	4 1/4	4 1/4
Do.	Yarmouth	168,018.50	4 1/4	
Oceanic Steamship Co.	Mariposa	132,138.79	2 1/4	1 1/4
Do.	Monterey	15,890.75	3 1/2	
Strachan's Southern S.S. Co.	Floridian	13,790.18	3 1/2	3 1/4
Do.	Georgian	15,640.24	3 1/2	
Tidewater Associated Transportation Corporation	Tide Water	132,693.41	5 1/4	5
Do.	Tide Water Associated	117,528.53	4 1/4	
United Mail S.S. Co.	Antigua	38,009.59	3	
Do.	Chiriqui	38,277.80	3	3
Do.	Quirigua	38,007.39	3	
Do.	Talamancas	76,402.95	3	
Waterman S.S. Corporation	Afoundria	979.60	3 1/2	
Do.	Maiden Creek	954.42	3 1/2	3 1/4
Do.	Topa Topa	900.51	3 1/2	
Do.	West Hika	904.78	3 1/2	
Total		\$8,017,030.52	4	

Mr. KINZER. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. ARENS].

Mr. ARENS. Mr. Chairman, I am taking the floor today to remind the Members of Congress of the promise given to the voters in the farming section, the promise of giving justice and equality to agriculture. It was this promise given to the farmers in the last campaign that brought about this enormous Democratic majority.

Equality in tariff and equality with other industries in extending help in refinancing agriculture by giving them loans on long terms at the same interest rates that other industries are receiving from the Government.

In 1928 the Republicans at their convention in Kansas City promised the farmer a fair and just tariff. On the strength of this promise the people elected a Republican Congress with a majority of over 100 Members. They did not keep their promise. The Smoot-Hawley tariff bill was a direct lie to agriculture. It destroyed the market for the surplus and because of their not keeping their promise this same agricultural section helped elect an overwhelming Democratic Congress.

Are you Democratic Members not going to learn by this sad experience of the Republican Party? I am going to say to you Democrats that the voters of the country are going to learn. They are going to learn that it is very unwise to give a large majority to any of the old parties. The Smoot-Hawley bill was forced through Congress by a rule that limited debate and limited amendment to those proposed by the Ways and Means Committee. The Democratic minority at that time emphatically objected to this gag rule. Today the Democratic majority brings in the same rule and the Republican minority takes the arguments used in 1928 by the then Democratic minority against this gag rule and throws it back at them. The voters will learn that their interests are served best if they send to this Congress a large block of safe and sane Farmer-Laborites that will hold the

balance of power and see to it that the old parties both are going to keep their promises.

The bill before us is not giving equality to agriculture. It fixes the interest rate at 4 1/2 percent without amortization, and by the time appraisal fees and recording fees and amortization are added it will cost the farmer close to 6 percent, which is 2, 3, 4, yes, 5 times higher than the interest paid to the same Government by other industries or foreign governments. The present price of agricultural products does not enable the farmer to meet these payments.

I was a member of the Minnesota Senate in 1923, when they passed the rural credit bureau bill. It provided an interest rate of 5 1/4 percent plus 1 percent for amortization. This was considered a low rate, according to conditions, much lower than the rate proposed in this bill. However, the farmers of Minnesota have not been able to keep up the payments on the loans under this bill. The report of the chairman of the Rural Credit Board of Minnesota shows that out of 13,434 loans made 3,190 have been foreclosed and are now in the possession of the State, 6,129 are delinquent in their taxes and interest, and only 4,115 farm loans are in good standing. The bill also provides the issuance of \$2,000,000,000 of tax-exempt bonds. Taxes that should be paid by the holders of the \$2,000,000,000 in wealth will have to be paid by those least able to pay. The bill should be financed by the Federal Reserve bank by issuing Treasury notes with farm mortgages as security, the same as is provided in the so-called "Frazier bill."

I am finding a lot of fault with the measure before the House. However, it has some merit. It will reduce the interest rate in Minnesota by about one half of 1 percent, and I am informed considerably more in some other States. It will establish one place where the farmer can get credit. He can receive credit after all other sources have been eliminated. It will start a way to refinance the farmer. Its mistakes will show up soon, and we may be in a position to correct them at our next regular session. I am going, therefore, to vote for the bill, because I do not deny even these small crumbs that this bill is offering in order to enable those farmers who are able to continue operating to wait for better times.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. BLANCHARD. Did the people of this country turn to the Democratic Party in expectation of any tariff relief?

Mr. ARENS. They did expect that President Roosevelt would bring about a relief in tariff, as he indicated. They did expect that the Democratic Party would give the farmers relief in refinancing their mortgages.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. ARENS. Yes.

Mr. LUNDEEN. I remind the gentleman that the Labor Party in the British Empire started with only one member, and that party today is in control of the Government and has had the Premier three different times.

Mr. ARENS. I am finding fault with the bill. It has some merits. It enables the farmers of Minnesota, if they choose, to come in under it to save one quarter to one half of 1 percent interest. I am told by Members from other States that it will save more to them, the interest rate in their States being higher. The interest rate in Minnesota was reduced considerably as soon as the State went to loaning money, and I am told by Members from some other States that it will save from 1 1/2 to 2 percent to their farmers. Besides that, it creates a place where the farmer can receive credit after all other sources have been eliminated. There is no more credit for the farmer anywhere. This law will create at least one place where the farmer can refinance his loans.

What are we going to do? A good many will ask how we are going to vote. I am going to vote to recommit the bill. I am for the Frazier bill. I shall do all I can honorably to have this bill go back to the committee and have the Frazier bill substituted for it. I believe the method of financing in the Frazier bill is better than to issue another

\$2,000,000,000 of tax-exempt securities. I probably will have to vote for the bill if we do not succeed in substituting the Frazier bill. I could not very well face the people and say that I would deny even those crumbs that are falling in this bill from the table of the Government. It may be the instrument of keeping a few of them alive until after this experiment, when we can amend the bill at the next regular session and make a real bill out of it. [Applause.]

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentlewoman from Kansas [Mrs. McCARTHY].

Mrs. McCARTHY. Mr. Chairman, you would not expect any woman to be for any gag rule, much less one who has kissed the Blarney stone. So I am proud of the fact I voted against this rule. [Applause.]

Regardless of that fact, I would be against any rule which would prevent an amendment in the interest of the farmers. I feel that this bill is in need of many amendments, and I am going to tell you some of the things that are wrong with it. The thing most radically wrong is the rate of interest. In my district, representing 26 agricultural counties, one fourth of the State of Kansas, there is not a farm that has shown a profit of 5 percent. Under this bill, direct loans pay 5 percent interest.

If the loan is made through a Federal loaning agency, they pay 4½ percent. There is not a farm in my district that makes 4½ percent profit. How is this bill going to do any good to those farmers?

I am for the Frazier bill whole-heartedly, because of the 1½ percent interest rate and the amortization rate of 1½ percent. I will vote to recommit this bill; but I will say that if that motion to recommit and substitute the Frazier bill is defeated, I will be for the administration bill rather than to have nothing. I will tell you why I vote that way. There is a provision in this bill that 5 years is given for the payment of principal. In other words, it would give the farmer 5 more years with a roof over his head. So, even if he will lose his farm eventually, there is some merit in the bill. For that reason I will vote for it. But why take a poor compromise when we could get something that would really benefit our farmers? We have had people come here and say, "I do not have a farmer in my district, but I am for this bill." They are for this bill with a high interest rate, but they have not made any study of it and they do not know farm conditions. A year ago last fall we had the national corn-husking contest in my district. We grow a great deal of corn in that district. The State of Kansas not only grows the best wheat in the world but, according to the latest report of the Department of Agriculture, mills more flour than any other State in the Union and now passes Minnesota by some 7,000,000 bushels annually. Certainly I am entitled to speak for the farmers of Kansas and to register their protest against this excessively high interest rate.

Another serious objection to this bill is the fact that the profit goes to the bankers. We have had too much catering to international bankers and to special privilege. [Applause.] The very fact that we need this bill today is due to too much legislation in the interest of special industry. If we had not had the high protective-tariff rates which compelled the farmer to buy everything he used in a protected market and to sell everything he produced in a world market, he would not be in the condition he is today.

The fact has been repeatedly stated that one of the serious ills of the country is the maldistribution of wealth. The sentiment of this House is undoubtedly now for currency expansion and inflation. The Wheeler bill has been mentioned. Why do we need that? Because it would help bring about a redistribution of wealth. That is one reason I am for the Frazier bill, because of the provision for currency expansion that would put some of our money out in the agricultural districts where it belongs and take it away from Wall Street.

We will not consider a single measure during this session which is more important than that pending at this time,

yet there is really only a handful of Members present. I wonder if some of their constituents will not say: "After the next election they will have plenty of time to go to ball games when they will not be receiving money from the Federal pay roll"?

There is just one thing more I want to take up, and that is the useless red tape heretofore required in order to get a Federal loan, and this plan for refinancing farm mortgages contains a provision for direct loans without going through several intermediaries. [Applause.]

The CHAIRMAN. The time of the gentlewoman from Kansas has expired.

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. CARPENTER].

Mr. CARPENTER of Kansas. Mr. Chairman, coming from a strictly agricultural district, as I do, I feel it is my duty to urge upon this Congress the adoption of what is known as the Frazier bill. I am glad that, being one of the new Democratic Members of this House from Kansas, along with my lady colleague, who has just addressed you, I am in accord with her on this matter as representing the farmers. And I believe all the rest of our colleagues in Kansas are also in accord. I am glad we are all here on the job this afternoon instead of going to the ball game.

Now, I favor the Frazier bill for the reason that it gives us a lower rate of interest; but primarily I am in favor of it because I think the greatest emergency legislation we could consider we have not had an opportunity to consider, and that is the expansion of the currency. To my mind that is the only way I can conceive of bringing back prosperity to this country in the near future. Not having an opportunity to get the Frazier bill, if we cannot get that, I say that next I am in favor of the present bill and will vote for it when the time comes. First, if we have an opportunity to vote to recommit the present bill, with instructions to the Agriculture Committee to amend by substituting the Frazier bill, I will vote to recommit it accordingly. If we have no such opportunity, or such a motion to recommit fails, then I will vote for the present bill, as I said, on the theory it is the only available mortgage relief. And, so far as I am concerned, do everything I can to make it a success.

The gentleman from Arkansas [Mr. GLOVER] called my attention to a bill which he had introduced, which in some respects may be better than the Frazier bill. I do not know. The gentleman stated it was before the Ways and Means Committee. I said, "Why do you not present it as an amendment before the Committee on Agriculture?" The gentleman said, "That committee would rule it out under the rule."

Yesterday when my colleague, Mr. McGUGIN, was speaking, trying to explain to the farmers the rules of the House and why we could not consider the Frazier bill, I asked him, "Do you think our farmers give a snap of their fingers for the rules of the House?" I wish to say that when there are such important matters as the Frazier bill pending and we are told that the rules of the House prevent our considering it, the farmers of Kansas and the farmers of the Nation do not give a damn for the rules of this House. [Applause.]

This is not all. They read the CONGRESSIONAL RECORD. They know what is going on. They know that when the reforestation bill was up before this House and ran into a snag that was about to prevent further consideration of it that it was saved by a special rule brought in by the Committee on Rules. They know that whenever the powers that be want to do something they can get a rule to do it. Now, we can find a rule, if necessary, to consider this Frazier bill, because it is of the utmost importance.

Let me call attention to an Associated Press dispatch which appeared in the Washington Star of last Friday, to the effect that the United States currency is now backed by 73 percent in metal security. I read:

A circulating currency that is backed by a 73-percent gold base is the answer Uncle Sam can give to any charges that this country has embarked on a program of issuing unsound money.

We hear much talk about expansion, but we are right on the verge of expanding the bond issues of the country. Is there objection? Of course there ought to be considerable objection to an expansion of the bond issues of the country. I prefer an expansion of the currency instead of an expansion of the bonded indebtedness of the country.

Let me call your attention further to this Associated Press dispatch:

Only \$15,930,000 of the new Federal Reserve bank notes, constituting the much discussed new money was in actual circulation. Thus far only 5 of the 12 regional banks have availed themselves of the new currency, which is backed by sound assets.

There is now \$1,277,000,000 less money in circulation than there was during the bank crisis in this country early in March.

[Here the gavel fell.]

Mr. HOPE. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I have listened most of the day to the presentation of this great question. Let me say to those who have spoken here, particularly to the Members from the West, that they have done it with great earnestness and ability. Had they been here with this same interest and ability when the Federal Reserve Act was passed, it would have amounted to something instead of being mostly all a lemon. I admire them for laying aside partisanship with a resolution to evolve out of this bill something worth while.

A moment ago the statement was made that many Members speaking from the well said that while they did not represent an agricultural district they were interested in the bill. It so happens that I do represent an agricultural district, one of eight counties in the heart of Pennsylvania. I knew the fathers of some of the younger Members from the Far West and can tell these Members where they came from. Among them is my good friend, McCLINTIC, from Oklahoma. He came from one of the most fertile, luxuriant, hospitable, and prosperous valleys in all the world, with a name as long as its fame, Kishacoquillas Valley, Pa., where he returns to hunt in the mountains, where they make better schweitzer cheese than they make in Switzerland, Germany, Minnesota, or Wisconsin, from Belleville, Pa., where Brother McCLINTIC was born.

I represent eight counties, I said, and a hundred fertile valleys that have been cultivated for more than 200 years; and I may say, Mr. Chairman, these farmers are just as eagerly and as anxiously watching the outcome of this measure as you of the West are. Your vote here for your farmers are votes for my farmers; and we ought to have brains enough to write a bill which will bring about some of the results so badly needed. It is a fact that we have been 10, 12, 14 years struggling along trying to get something to help the farmer.

I admit that many times we have tried to lift ourselves by our bootstraps; that we got away from the common sense of our fathers who understood the practical way of doing things; and right now I thank God that they wrote into the Constitution and our laws the checks, balances, and hindrances that make it impossible to railroad these bills through so speedily. We have seen bills introduced on the hurry-up order to be passed today and be operative next week, but they did not get through the Senate so suddenly, and they are not through the Senate yet.

Our Secretary of Agriculture, Hon. John McSparren, Pennsylvania, has advised me that he is for the bill, while the Rural New Yorker is opposed to it. Thus we have a divergence of opinion; but that should not deter support of something.

I hope and trust that when we get through with this program we will have something that will be of real benefit to the farmers.

Mr. Chairman, I wonder whether a little thought I have here, if practically applied with all the energy expended in this great debate, might not be of value.

Here is a farm 5 minutes' distance from my residence in Lewisburg. Five minutes from the time they have their milk at this farmhouse it could be on my table in Lewisburg. At the farm they pay 2 cents a quart for it. In my home I pay 10 cents a quart for it. What has happened while it is being transferred from this farm to my home that has caused this difference in price?

This is the question, Mr. Chairman, underlying this whole matter of agriculture—marketing. The people in the farmhouse do not get the price we pay for their products nor anything like it. Let us have courage enough to tackle this phase of the problem.

Mr. WEIDEMAN. I presume the gentleman will vote for this bill.

Mr. FOCHT. Certainly I will vote for the bill and will try to support the President throughout, although I could not register for him on the beer saloon, nor against the soldier, nor will I approve any tariff tinkering. All my life I have been trying to get something done here, and you are doing just exactly what I want done, but there must be cooperation to the end that the right thing may be accomplished. I will vote for any little scrap of thing that will start us in the right direction and trust to the intelligent administration of the law by the people that the ultimate result will mean something for the farmer.

[Here the gavel fell.]

Mr. DOXEY. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. HUGHES].

Mr. HUGHES. Mr. Chairman, I recognize the plight of the farmer as identical throughout all sections of the Nation, in every State of the Union and in every division and branch of the industry, and I would take a few moments to discuss a particular division of this great business that the State of Wisconsin, which I have the privilege of serving, is particularly interested in and identified with.

Wisconsin, with its neighbor States of Minnesota, Iowa, Illinois, Michigan, Ohio, Indiana, and the great State of New York, leads in the dairy industry. It represents 20 percent of the total income of the American farmer. It calls upon a greater degree of investment in buildings and equipment and scientific management than any other branch of agriculture. In the State of Wisconsin we have maintained over the past 5 years a production in volume of about 11,000,000,000 pounds. In the peak year of 1929 this was valued at \$236,000,000. In the year of 1932 the shrinkage that occurred was a matter of \$104,000,000. This represents over 55 percent, and in the course of the past 4 or 5 years the farmers of Wisconsin have become encumbered with mortgages that total \$750,000,000.

We recognize the need for aid and action now, and I personally want to state my opinion that the President of the United States is fully aware of the need of American agriculture and that the decision he has arrived at has come by seasoned knowledge and understanding and conference, seeking counsel with the best groups in the Nation. I have faith and confidence that the President of the United States is proposing this legislation because he knows it will register immediate aid to the American farmer.

I do not believe that this measure is a cure-all. I feel there are things that are left undone, but it is a step in the right direction, and after months, and, yes, years of delay, it is refreshing to have a leadership with the vision to see and the courage to act, and in supporting this legislation I believe we are supporting the program of President Roosevelt, who has captured the admiration and the respect of the American people; and they are more interested in the desires and plans of Roosevelt than the personal opinion of Congressmen. I thank you. [Applause.]

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 4795, had come to no resolution thereon.

THE "AKRON" DISASTER

The SPEAKER laid before the House the following communication:

SPEAKER OF THE HOUSE OF REPRESENTATIVES,

United States of America, Washington, D.C.:

The House of Representatives, in session on this date, resolved to express to the American people through their worthy Representatives our sincere sympathy in the deplorable catastrophe of the dirigible Akron.

RAFAEL GUAS INCLAN,
*President of the House of Representatives,
Republic of Cuba.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. DOUGLASS, for 5 days, on account of illness.

To Mr. REID of Illinois, indefinitely, on account of illness.

To Mr. ANDREW of Massachusetts, for several days, on account of illness.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 334. An act to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933; to the Committee on Banking and Currency.

ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock p.m.) the House adjourned until tomorrow, Thursday, April 13, 1933, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

18. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment under the Architect of the Capitol for the fiscal year 1933 in the sum of \$30,000; to the Committee on Appropriations.

19. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of Labor for the fiscal year 1933 in the sum of \$1,500; to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 48. A bill to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.; without amendment (Rept. No. 37). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 1596. A bill to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.; with amendment (Rept. No. 38). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 4127. A bill to extend the time for the construction of a bridge across the Waccamaw River near Conway, S.C.; with amendment (Rept. No. 39). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 4225. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Parkers Landing, in the county of Armstrong, Commonwealth of Pennsylvania; without amendment (Rept. No. 40). Referred to the House Calendar.

Mr. WOLFENDEN: Committee on Interstate and Foreign Commerce. H.R. 4332. A bill granting the consent of Congress to the Commonwealth of Pennsylvania to construct, maintain, and operate a free highway bridge across the

Allegheny River, at a point near the Forest-Venango County line, in Tionesta Township, and in the county of Forest, and in the Commonwealth of Pennsylvania; without amendment (Rept. No. 41). Referred to the House Calendar.

Mr. COOPER of Ohio: Committee on Interstate and Foreign Commerce. H.R. 4491. A bill granting the consent of Congress to the Board of County Commissioners of Mahoning County, Ohio, to construct a free overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio; with amendment (Rept. No. 42). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. House Joint Resolution 135. Joint resolution to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes; without amendment (Rept. No. 43). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4430) granting an increase of pension to David R. Majors; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 4431) for the relief of Carl C. Baxter; Committee on Invalid Pensions discharged, and referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. PIERCE: A bill (H.R. 4934) to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon; to the Committee on Agriculture.

By Mr. CARY: A bill (H.R. 4935) to amend the act of May 25, 1926, entitled "An act to provide for the establishment of the Mammoth Cave National Park in the State of Kentucky, and for other purposes; to the Committee on the Public Lands.

By Mr. FITZGIBBONS: A bill (H.R. 4936) to authorize the construction of barracks at Fort Ontario, Oswego, N.Y., and for other purposes; to the Committee on Military Affairs.

By Mr. GRISWOLD: A bill (H.R. 4937) to require contractors on public-building projects to name their subcontractors, material men, and supply men, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. EDMONDS: A bill (H.R. 4938) to amend section 28 of the Shipping Act, 1920; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. UTTERBACK: A bill (H.R. 4939) authorizing a preliminary examination and survey of Eastport Harbor, Maine; to the Committee on Rivers and Harbors.

By Mr. BRUNNER: A bill (H.R. 4940) to amend the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes", approved February 28, 1925; to the Committee on the Post Office and Post Roads.

By Mr. THURSTON: A bill (H.R. 4941) to exempt educational institutions from the payment of the tax on checks, and for other purposes; to the Committee on Ways and Means.

By Mr. BLACK: A bill (H.R. 4942) to establish an Athletic Commission to regulate boxing, sparring, and wrestling exhibitions; to the Committee on the District of Columbia.

By Mr. PIERCE: A bill (H.R. 4943) to authorize the addition of certain lands to the Ochoco National Forest, Oreg.; to the Committee on the Public Lands.

By Mr. SMITH of Washington: A bill (H.R. 4944) authorizing the Secretary of the Navy to make available to the

municipality of Aberdeen, Wash., the U.S.S. *Newport*; to the Committee on Naval Affairs.

Also, a bill (H.R. 4945) to provide a preliminary examination of the Cowlitz River and its tributaries, in the State of Washington, with a view to the control of their floods; to the Committee on Flood Control.

By Mr. CELLER: Resolution (H.Res. 105) to investigate appointments and conduct of receivers and trustees in bankruptcy and equity causes in sundry United States district courts; to the Committee on Rules.

By Mr. ANDREW of Massachusetts: Joint Resolution (H.J.Res. 151) extending to the fishing industry certain benefits granted under section 11 of the Merchant Marine Act, 1920; to the Committee on Merchant Marine, Radio, and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CANNON of Wisconsin: A bill (H.R. 4946) for the relief of Margaret Helms; to the Committee on Claims.

Also, a bill (H.R. 4947) for the relief of Lars W. Larson; to the Committee on Claims.

By Mr. COLDEN: A bill (H.R. 4948) providing for the appointment of Chief Boatswain John J. Rochfort, with the rank of lieutenant, United States Navy, retired, to the office of lieutenant on the retired list of the Navy, and awarding him a Congressional Medal of Honor; to the Committee on Naval Affairs.

By Mr. CONNOLLY: A bill (H.R. 4949) for the relief of Israel Rickter; to the Committee on Claims.

Also, a bill (H.R. 4950) for the relief of Charles Pine; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 4951) granting a pension to Mary C. VanZandt; to the Committee on Invalid Pensions.

By Mr. GAMBRILL: A bill (H.R. 4952) for the relief of Theodore W. Beland; to the Committee on Claims.

By Mr. GILCHRIST: A bill (H.R. 4953) for the relief of F. A. Robinson; to the Committee on Claims.

Also, a bill (H.R. 4954) for the relief of Charley F. Wood; to the Committee on Claims.

By Mr. KNUTE HILL: A bill (H.R. 4955) extending the provisions of the pension laws relating to Indian war veterans to Capt. H. M. Hodgis' company, and for other purposes; to the Committee on Pensions.

By Mr. HUDDLESTON: A bill (H.R. 4956) granting a pension to Daniel W. Tidmore; to the Committee on Invalid Pensions.

By Mr. KEE: A bill (H.R. 4957) for the relief of F. M. Peters and J. T. Akers; to the Committee on Claims.

By Mr. KENNEDY of Maryland: A bill (H.R. 4958) for the relief of Helena C. VonGroning and Stephan VonGroning; to the Committee on Claims.

By Mr. KLEBERG: A bill (H.R. 4959) for the relief of Mary Josephine Lobert; to the Committee on Claims.

Also, a bill (H.R. 4960) for the relief of Robinson W. Fullerton; to the Committee on Claims.

Also, a bill (H.R. 4961) for the relief of Otto Christian; to the Committee on Military Affairs.

By Mr. LUCE: A bill (H.R. 4962) for the relief of Joseph B. Lynch; to the Committee on Naval Affairs.

By Mr. McFADDEN: A bill (H.R. 4963) granting an increase of pension to Rachel A. Scott; to the Committee on Invalid Pensions.

By Mr. MARSHALL: A bill (H.R. 4964) for the relief of William A. Ray; to the Committee on Claims.

Also, a bill (H.R. 4965) granting an increase of pension to Sarah E. Ross; to the Committee on Invalid Pensions.

By Mr. PIERCE: A bill (H.R. 4966) for the relief of Wallace E. Ordway; to the Committee on Claims.

Also, a bill (H.R. 4967) for the relief of Fred Herrick; to the Committee on Agriculture.

By Mr. REECE: A bill (H.R. 4968) granting a pension to W. M. Sims; to the Committee on Invalid Pensions.

By Mr. SUMNERS of Texas: A bill (H.R. 4969) for the relief of James F. True; to the Committee on Military Affairs.

By Mr. TAYLOR of Tennessee: A bill (H.R. 4970) granting a pension to Belle Cannon; to the Committee on Pensions.

Also, a bill (H.R. 4971) granting a pension to John G. Elliott; to the Committee on Pensions.

By Mr. WEIDEMAN: A bill (H.R. 4972) for the relief of Alex Zegunia; to the Committee on Claims.

By Mr. WILLIAMS: A bill (H.R. 4973) for the relief of G. C. Vandover; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

490. By Mr. ARENS: Petition of the Duluth Chamber of Commerce, protesting against the transfer of the Hydrographic Office from Navy Department, and recommending that it remain under the administration of the Navy Department; to the Committee on Naval Affairs.

491. Also, petition of the Minneapolis Bearcat Post, No. 504, Minneapolis, Minn., concerning increase of postal rates on newspapers, magazines, and periodicals; to the Committee on Ways and Means.

492. Also, petition of Faribault Post, No. 43, American Legion, concerning the abolishment of all first- and second-class postmasters in the United States and that all postal appointments be strictly under civil service; to the Committee on the Post Office and Post Roads.

493. Also, petition of Peter Peterson, favoring the refinancing of farm mortgages at a reasonable rate of interest not to exceed 4 percent, thereby establishing a definite credit relief; to the Committee on Banking and Currency.

494. Also, petition of the City Council of Eveleth, Minn., signed by Victor E. Essling, mayor, and attested by Morris Levant, city clerk, approving President's reforestation project and recommending same, especially as it relates to the development of Superior National Forest; to the Committee on Labor.

495. Also, petition of the Minneapolis Bearcat Post, No. 504, Minneapolis, Minn., favoring an investigation of the recent Reconstruction Finance Corporation loan to the Pennsylvania Railroad and other inconsistent incidents; to the Committee on the Judiciary.

496. Also, petition of the Leo Carey Post, No. 56, American Legion, March 16, 1933, F. C. Marpe, commander, and L. J. Peterson, adjutant, Albert Lea, Minn., opposing the construction of the new post-office building in the city of Albert Lea, Minn., and that the postmastership of Albert Lea be discontinued, as well as postmasters in cities of the same class throughout the United States; to the Committee on Public Buildings and Grounds.

497. Also, petition of the House of Representatives and Senate of Minnesota, Mike Holm, secretary of state, petitioning the United States Department of Agriculture and Secretary to reduce yardage fees and fee charges at least 30 percent and commission fees and commission terms operating in the terminal markets in this State 15 percent; to the Committee on Agriculture.

498. Also, petition of farm-labor, passed unanimously at the Farmer-Labor Convention of the city of Redwing, March 31, 1933, William F. Witty, chairman, and H. R. Anderson, secretary, concerning unemployment insurance; to the Committee on Labor.

499. Also, petition that the second, third, and fourth district of the Minnesota Association assist and support the President of the United States in his undertaking; to the Committee on Ways and Means.

500. Also, petition of the Currency Study Club of Wilmar, Minn., Charles Nelson, O. S. Lasby, E. E. Lawson, and Ruben Lundquist, committee, urging careful study of principles involved in these measures, and strive to secure the passage of the Wheeler, Rankin-Thomas, Wright Patman, and the Frazier bills; to the Committee on Banking and Currency.

501. By Mr. BAKEWELL: Petition of sundry citizens of New Haven, West Haven, Winsted, Derby, Meriden, and Ansonia, all in the State of Connecticut, remonstrating against the passage of the Black-Connery bill to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day; to the Committee on Labor.

502. By Mr. CONDON: Petition of Providence Local No. 46, National Association of Special Delivery Messengers, requesting that the special-delivery messengers of the Postal Service be placed under a special classified service of the Postal Service with proper compensation and benefits such as do accrue to all Civil Service employees; to the Committee on the Civil Service.

503. By Mr. EDMONDS: Petition of Rittenhouse Astronomical Society, of Philadelphia, Pa., asking that the functions of the United States Naval Observatory be not curtailed through reduction in appropriations; to the Committee on Naval Affairs.

504. By Mr. GIBSON: Petition of Barre Post, No. 10, American Legion, opposing removal of regional office at Burlington, Vt.; to the Committee on World War Veterans' Legislation.

505. By Mr. GILCHRIST: Petition of the Woman's Missionary Society (M.E.) of Webster City, Iowa, signed by 15 members; to the Committee on Interstate and Foreign Commerce.

506. By Mr. KENNEY: Petition in the nature of a resolution of the Parent-Teacher Association of Teaneck High School, Teaneck, N.J., that the laws governing the Reconstruction Finance Corporation be changed so as to permit loans to boards of education for use in the construction and equipping of additions to schools and new schools where such construction has been authorized by the taxpayers; to the Committee on Banking and Currency.

507. By Mr. LINDSAY: Petition of the Great Lakes Dredge & Dock Co., New York City, opposing the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

508. Also, petition of New York Typographical Union, No. 6, New York City, through James J. Bambrick, organizer, representing 32,000 union printers of Greater New York, favoring the Black bill, but it must include newspaper and magazine printers; to the Committee on Labor.

509. By Mr. LUNDEEN: Petition of the House of Representatives of the Legislature of the State of Minnesota, urging Congress to enact legislation that will increase the issuance of money and establish the value thereof, loan money direct to the States on the security of the natural resources of each State, to liquidate all present national banks and establish in their stead Government-owned and controlled banks; to the Committee on Banking and Currency.

510. Also, petition of the Ramsey County Legislative Committee, St. Paul, Minn., opposing reduction in salaries of Federal employees and in appropriations for veterans' aid; to the Committee on Appropriations.

511. Also, petition of the Leo Carey Post, No. 56, American Legion, Albert Lea, Minn., urging delay in construction of the post-office building at Albert Lea, Minn., in the interest of economy; to the Committee on Public Buildings and Grounds.

512. Also, petition of the City Council of the City of Minneapolis, Minn., requesting Congress to increase Federal aid for public construction work; to the Committee on Appropriations.

513. Also, petition signed by numerous residents of Ghent, Minn., requesting legislation providing that all petroleum products used in internal-combustion engines shall be blended, 10 percent by volume, with ethyl alcohol made from agricultural products grown in the continental United States; to the Committee on Interstate and Foreign Commerce.

514. Also, petition of residents of the township of Mamre, Kandiyohi County, Minn., urging passage of the Frazier bill, providing for the refinancing of farm mortgages; to the Committee on Agriculture.

515. Also, petition of the Watonwan County (Minn.) Holiday Association, urging passage of the Frazier bill, providing for the refinancing of farm mortgages; to the Committee on Agriculture.

516. By Mr. REID of Illinois: Resolution of the Laverne T. Perrottet Post, No. 76, American Legion, Wheaton, Ill., protesting against the official recognition by the United States of America of the Union of Soviet Socialist Republics; to the Committee on Foreign Affairs.

517. By Mr. RUDD: Petition of the Jacobs Bros. Co., Inc., Brooklyn, N.Y., opposing the passage of the Black bill, S. 158, providing for a 30-hour week; to the Committee on Labor.

518. By Mr. SMITH of West Virginia: Resolution of the Beckley Chamber of Commerce, Beckley, W.Va., favoring legislation providing that the first-class postage rate be returned to 2 cents; to the Committee on Ways and Means.

SENATE

THURSDAY, APRIL 13, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kean	Reed
Ashurst	Costigan	Kendrick	Reynolds
Austin	Couzens	Keyes	Robinson, Ark.
Bachman	Cutting	La Follette	Robinson, Ind.
Bailey	Dickinson	Lewis	Russell
Bankhead	Dietrich	Logan	Schall
Barbour	Dill	Loneragan	Sheppard
Barkley	Duffy	Long	Shipstead
Black	Erickson	McAdoo	Smith
Bone	Fess	McCarran	Stelwer
Borah	Fletcher	McGill	Stephens
Bratton	Frazier	McKellar	Thomas, Okla.
Brown	George	McNary	Thomas, Utah
Bulkley	Glass	Metcalf	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrd	Gore	Neely	Tydings
Byrnes	Hale	Norbeck	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Overton	Walcott
Clark	Hayden	Patterson	Walsh
Connally	Hebert	Pittman	Wheeler
Coolidge	Johnson	Pope	White

Mr. REED. I desire to announce that my colleague the junior Senator from Pennsylvania [Mr. DAVIS] is still necessarily absent because of illness. I ask that the announcement may stand for the day.

Mr. THOMAS of Utah. I wish to announce the necessary absence of my colleague the senior Senator from Utah [Mr. KING] because of a death in his family. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Ninety-two Senators having answered to their names, a quorum is present.

The Senate will receive a message from the President of the United States.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the Senate by Mr. Latta, one of his secretaries.

FUNCTIONS OF THE DEPARTMENT OF JUSTICE (S.DOC. NO. 25)

The VICE PRESIDENT laid before the Senate a letter from the Attorney General, transmitting, in response to Senate Resolution 351, Seventy-second Congress, a report of all functions executed by the Department of Justice, together with reference to the statutory authorities for the execution of said functions and the annual cost thereof, which, with the accompanying papers, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE DEPARTMENT OF THE NAVY (S.DOC. NO. 24)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Navy, transmitting, in response